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ABSTRACT

This annual publication seeks to inform interested readers about issues currently confronting the United States. The introductory section briefly discusses the 101st Congress, members of the Bush administration, and the Supreme Court. The federal budget process is also discussed in this section. The section on domestic policy issues contains the following chapters: (1) "The Economy," (2) "Education," (3) "Civil Rights," (4) "Social Programs," (5) "Health Care," (6) "Immigration," (7) "Energy," (8) "Environment," (9) "Agriculture," and (10) "Crime." The chapters in the foreign policy issues section are: (1) "The Soviet Union," (2) "Defense," (3) "Central America," (4) "The Middle East," (5) "International Trade," (6) "Western Europe," (7) "Nuclear Proliferation," (8) "World Poverty and U.S. Foreign Aid," (9) "South Africa," and (10) "China." Each chapter poses some key questions, then provides an introduction, background information, a discussion of current issues, the outlook concerning the chapter topic, and a brief presentation of the pros and cons of the key questions posed at the beginning of the chapter. Numerous black and white photographs, charts, graphs, maps, and political cartoons are included. (JB)

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Current Issues

1990 Edition

Critical issues confronting the nation and the world

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Names in the Bush Administration

President

David Valdez/The White House

George Bush, age sixty-five, was vice president for both terms of Ronald Reagan's presidency. At the age of 18, he became the youngest commissioned pilot in the U.S. Navy. During World War II, Bush was shot down in a bombing raid in the Pacific Ocean and awarded the Distinguished Flying Cross. After the war, he founded an oil company in Texas before turning to politics. President Bush has been a U.S. representative from Texas, a United Nations ambassador, an envoy to the People's Republic of China, and the director of the Central Intelligence Agency. In his first year as president, Bush has maintained his pledge to reduce the nation's budget deficit without raising taxes or decreasing the defense budget.

Vice President

David Valdez/The White House

Dan Quayle, age forty-two, served four years as a representative and eight years as a senator from Indiana. As a senator, he specialized in defense, arms control, and labor policy. Before entering politics, he worked as a lawyer and as general manager for the family newspaper business in Huntington, Indiana. Vice President Quayle advises the president on national security issues, heads the Space Council, and is a member of the president's National Security Council.

Cabinet

Secretary of Agriculture

Department of Agriculture

Clayton K. Yeutter, age fifty-nine, was the U.S. trade representative under President Reagan. He is a lawyer and a former farmer and cattle rancher from Nebraska. He previously served as an assistant secretary in the Department of Agriculture. As the U.S. trade representative, Yeutter encouraged other countries to remove barriers to U.S. agricultural exports. His selection as secretary of agriculture is seen as an indication that the Bush administration will continue the fight to remove trade barriers.

Secretary of Commerce

Department of Commerce

Robert A. Mosbacher, age sixty-two, is an independent oil and gas producer from Texas. He was a major financial contributor to George Bush's presidential campaign in 1988. Mosbacher says the Commerce Department can best help American business by promoting economic growth, expanding exports, and assuring fair trade through strict enforcement of international trade laws.

Secretary of Defense

UPI/Bettmann Newsphotos

Richard B. Cheney, age forty-nine, was a representative from Wyoming for ten years. Under President Gerald Ford, Cheney was deputy assistant and chief of staff. He has been a strong supporter of the mobile MX nuclear missile, modernization of short-range nuclear missiles in Europe, and aid to the *contra* rebels fighting in Nicaragua.

Secretary of Education

Department of Education

Lauro F. Cavazos, age sixty-two, became the first Hispanic cabinet member when he took the job of secretary of education in the last months of the Reagan administration. Cavazos has been a professor of anatomy, a dean at Tufts University School of Medicine, and president of Texas Tech

University. As a member of state and national higher education councils, he has supported minority student education and special programs on drug and alcohol abuse, AIDS education, and career planning. He wants American schools to raise academic standards and to improve teaching.

Secretary of Energy

James D. Watkins, age sixty-two, is a retired U.S. Navy admiral. Previously, Watkins had been a nuclear submarine skipper and the chief of naval operations. During the Reagan administration, Watkins became the second chairman of the president's commission on AIDS. Many observers believe that he turned the foundering commission into a success. President Bush has charged Watkins with maintaining the safety of the nation's nuclear reactors and developing policies for oil and natural gas exploration.

UPI Bettmann Newsphotos

Secretary of Health and Human Services

Louis W. Sullivan, fifty-six, is the second consecutive doctor to head the Department of Health and Human Services. He has been a medical researcher, president of the Morehouse University School of Medicine, and a professor, dean, and director at the Boston University Medical Center. Sullivan has been critical of budget cuts in financial aid to minority medical students.

Department of Health and Human Services

Secretary of Housing and Urban Development

Jack Kemp, age fifty-four, is a football star turned politician. He was a quarterback for the San Diego Chargers and later for the Buffalo Bills, a team he helped lead to the American Football League Championship two years in a row. Kemp was a U.S. representative from New York from 1970 until he was nominated to be HUD secretary in 1988. As secretary, Kemp will be responsible for federally assisted housing, economic development, and fair housing enforcement.

Department of Housing and Urban Development

Department of the Interior

Secretary of the Interior

Manuel Lujan, Jr., age sixty-one, was a U.S. representative for twenty years and the ranking Republican on the Interior and Insular Affairs Committee before heading the Interior Department. He believes federal lands should be opened to more grazing, timber cutting, mining, and recreation by private interests. Lujan faces major decisions about offshore drilling, the use of federally owned land, and government acquisition of park land.

Department of Labor

Secretary of Labor

Elizabeth Dole, age fifty-three, is a lawyer. She was the longest-serving secretary of transportation, holding that position for four and a half years in the Reagan administration. During the Nixon and Ford administrations, she served on the Federal Trade Commission. Her goals are to ensure a safe work environment, improve the skills of the nation's workers, and promote good labor-management relations.

The White House

Secretary of State

James A. Baker III, age fifty-nine, was President Reagan's chief of staff in his first term and treasury secretary in his second term. He is expected to favor diplomatic rather than military solutions to foreign conflicts, and to emphasize the country's economic relations with other nations. Baker is noted for his ability to work with Congress and is credited with negotiating an agreement between the White House and Congress on aid to the *contra* forces in Nicaragua.

Department of Transportation

Secretary of Transportation

Samuel K. Skinner, fifty-one, a lawyer, was chairman of the nation's second largest mass transit system in Chicago for five years before joining the Bush administration. As transportation secretary, Skinner faces challenges to drug-testing policies for transportation workers and to the department's regulation of air traffic. Some members of Congress want the Department of Transportation to give up control of the Federal Aviation Administration to make it a separate agency.

Secretary of the Treasury

Department of the Treasury

Nicholas F. Brady, age fifty-nine, was appointed secretary of the treasury by President Reagan at the end of his second term and has continued in that position in the Bush administration. Brady was a member of several presidential commissions under Reagan, including the Task Force on Market Mechanisms that examined the October 1987 stock market crash. For most of his career, Brady was a Wall Street banker. As treasury secretary, he is responsible for developing economic policies affecting banks, budget and trade deficits, and Third World debt.

Secretary of Veterans Affairs

Department of Veterans Affairs

Edward J. Derwinski, age sixty-three, is the first secretary of the nation's newest cabinet department, the Department of Veterans Affairs. Derwinski directs the government's second largest department and is responsible for the health care services and benefits programs for America's 27 million veterans. He is a former representative from Illinois, delegate to the United Nations, and undersecretary of state. Veterans groups anticipate that his experience in civil service and in the Army during World World II will help him to meet the needs of the nation's veterans.

Attorney General

Department of Justice

Dick Thornburgh, age fifty-seven, became attorney general in the last months of the Reagan administration. In the 1970s, Thornburgh headed the Justice Department's criminal division after serving as a U.S. attorney in Pennsylvania. He then served two terms as governor of Pennsylvania. Thornburgh was the first attorney general in eight years to argue a case before the Supreme

Court when he urged the Court to uphold the Reagan administration's plans for drug-testing programs.

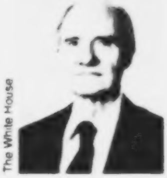
Key Presidential Advisers

White House Chief of Staff

The White House

John H. Sununu, age fifty, was governor of New Hampshire from 1983 until he became President Bush's chief of staff. He has been a mechanical engineer and a professor at Tufts University. Sununu oversees the daily activities of the White House including domestic and foreign policy development, presidential scheduling, communications, and relations with the media, Congress, and state and local governments.

National Security Adviser



The White House

Brent Scowcroft, age sixty-four, served as national security adviser under President Gerald Ford from 1975 to 1977. In the Reagan administration, he headed a commission that suggested a method for deploying the MX nuclear missile. In 1975, Scowcroft retired as a lieutenant general from the air force. Many people consider Scowcroft a defense and foreign policy expert who is successful in getting congressional support for the president's policies.

Director of the Central Intelligence Agency

Central Intelligence Agency

William H. Webster, age sixty-five, became the director of the Central Intelligence Agency (CIA) in 1987. Previously, he was director of the Federal Bureau of Investigation (FBI) for nine years. Webster is a lawyer and served as a federal district judge for many years. In 1984-86 he took strong disciplinary actions against CIA officials who helped supply illegal military aid to the Nicaraguan *contras*.

Director of the Office of Management and Budget

UPI/Bettmann Newsphotos

Richard G. Darman, age forty-six, has held positions in the Reagan White House and in the Defense, Justice, Commerce, State, Treasury, and former Health, Education, and Welfare Departments. As deputy to the chief of staff under President Reagan, Darman negotiated the budget and tax cuts of 1981. Later as deputy secretary of the treasury, he helped win congressional approval of tax-overhaul proposals. In his current position, Darman is responsible for creating a deficit reduction plan and negotiating budget proposals with members of Congress.

Ambassador to the United Nations

Department of State

Thomas R. Pickering, age fifty-eight, is a career foreign service officer. During the Reagan years, he served as ambassador to two politically important countries, El Salvador and Israel. Pickering was also ambassador to Jordan in the mid-1970s, assistant secretary of state for oceans and international environmental and scientific affairs under President Jimmy Carter, and ambassador to Nigeria from 1981-83. He speaks five languages.

United States Trade Representative

Twin Lens Photos

Carla A. Hills, age fifty-five, is a lawyer and author of a book on antitrust law, a subject she taught at the University of California at Los Angeles Law School. During the Ford administration, she was secretary of housing and urban development. As trade representative, Hills represents the United States in international trade negotiations and rules on unfair-trade cases brought by U.S. companies against other countries. She is also responsible for carrying out U.S. trade laws.

Department of Education

Director of National Drug Control Policy

William J. Bennett, age forty-six, is the nation's first director of the Office of National Drug Control Policy. While he was President Reagan's education secretary, Bennett wrote *Schools Without Drugs*, a handbook for the department's efforts to prevent drug use by school children. Bennett brought new visibility to the Department of Education, exposing what he considered to be the problems of the nation's education system. Many observers expect him to bring the same attention to the nation's drug problems.

The 101st Congress

Although a Republican president currently occupies the White House, it is the Democratic party that firmly controls Congress. The 101st Congress finds Democrats outnumbering Republicans 262 to 173 in the House of Representatives, and 55 to 45 in the Senate. A divided government—that is, a president from one party and a Congress controlled by the other—often leads to conflict between the two branches over what policies are best for the nation.

For example, President George Bush believes that many of the economic and budget policies of the Reagan administration should continue. The president has promised not to raise taxes while continuing to decrease spending on many domestic programs. However, many Democrats in the new Congress contend that in the past eight years the federal government ignored the needs of many segments of American society. Some members of Congress have called for increased federal funding to aid groups in need of help, such as the homeless, high school students wishing to go to college, and the unemployed.

In the area of defense, the president has pledged to maintain the "peace through strength" philosophy of Ronald Reagan. President Bush supports the development of new weapons systems—such as the B-2 or Stealth bomber and the Strategic Defense Initiative (SDI)—and a moderate increase in the defense budget to protect it from inflation.

However, some Democrats in Congress claim that the days of giving the Pentagon nearly anything it wants are over. Many members of Con-

U.S. House of Representatives

Each year, Congress debates thousands of pieces of legislation, but only a few become law. In 1988, 471 bills cleared Congress and became public law. That is the highest number since 1980 when 426 bills became law.

gress believe that defense spending must be brought under control by scaling back or eliminating many new weapons systems, closing unessential military bases, and monitoring Pentagon procurement policies more closely.

Additional clashes between President Bush and the Democratic-controlled Congress are sure to take place in the coming years. Areas of conflict between the president and Congress are likely to include the federal budget, new government housing programs, national health insurance, and child care.

Who's Who in the 101st Congress?

Each session of Congress brings change in the leadership of both the Senate and the House of Representatives. Competition for committee assignments is intense. Both parties want to place their members in powerful committee chairs so that they have better control over the legislative process. Who's who in the 101st Congress? See if you can find out, and fill in the name of the senator or representative, party affiliation, and state for each of the key positions listed.

Senate

President *Pro Tempore*

Majority Leader

Majority Whip

Minority Leader

Minority Whip

Committee Chairs

Agriculture, Nutrition, and Forestry

Appropriations

Armed Services

Budget

Energy and Natural Resources

Environment and Public Works

Foreign Relations

Intelligence

Judiciary

Rules and Administration

House of Representatives

Speaker of the House

Majority Leader

Majority Whip

Minority Leader

Minority Whip

Committee Chairs

Agriculture

Appropriations

Armed Services

Budget

Education and Labor

Energy and Commerce

Foreign Affairs

Intelligence

Judiciary

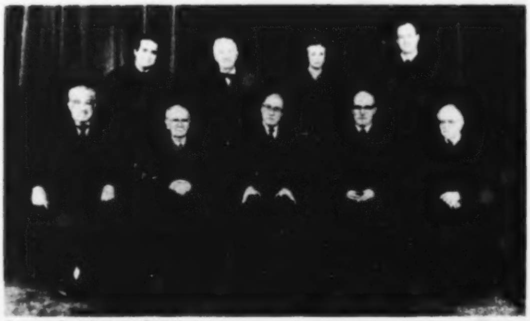
Rules

The Supreme Court

The legislative branch makes the laws, the executive branch enforces the laws, and the judicial branch, with the Supreme Court as its ultimate authority, interprets the laws and the Constitution. Supreme Court justices are appointed by the president with the approval of the Senate. Justices serve for life or until they resign or retire.

The decisions of the Supreme Court can play a major role in shaping American political and social life. During the 1950s and 1960s, the Court, led by Chief Justice Earl Warren, made sweeping changes in civil and individual rights, banned school prayer, and upheld the principle of "one person, one vote." However, when Warren Burger became the chief justice in 1969, the Court challenged many of the decisions of the Warren Court. Whereas the Warren Court had emphasized the protection of the civil liberties of minorities, the Burger Court often held that the rights of minorities should not infringe on the rights of the majority. While the Warren Court had established strict procedures for police to ensure that the rights of those accused of crimes were not violated, the Burger Court ruled that law enforcement authorities may commit minor, unintentional violations of some constitutional liberties to prevent guilty defendants from going free.

In recent years the Supreme Court has undergone major changes once again. During his eight years in office, President Ronald Reagan appointed three associate justices and a chief justice to the Court. President Reagan made his first appoint-



The 1988-89 Supreme Court, from left to right: Thurgood Marshall, Antonin Scalia, William J. Brennan, Jr., John Paul Stevens, William H. Rehnquist, Sandra Day O'Connor, Byron R. White, Anthony M. Kennedy, and Harry A. Blackmun.

Supreme Court Historical Society

ment to the Supreme Court in 1981 with the naming of Sandra Day O'Connor as an associate justice. In 1986, when Chief Justice Warren Burger retired, President Reagan chose Associate Justice William H. Rehnquist to be the new chief justice. The president then appointed former Federal Court of Appeals Judge Antonin Scalia to take Justice Rehnquist's place. President Reagan had the opportunity to appoint his third Supreme Court justice when Associate Justice Lewis F. Powell, Jr., retired in June 1987. However, President Reagan's first choice—District of Columbia Court of Appeals Judge Robert Bork—faced strong opposition from the Democratic-controlled Senate. Judge Bork's nomination was eventually defeated on the Senate floor. President Reagan then nominated United States Court of Appeals Judge Douglas Ginsburg, but Judge Ginsburg withdrew his nomination after questions arose about his lack of experience and his admitting to using marijuana in the past. Reagan finally nominated Ninth Circuit Court of Appeals Judge Anthony M. Kennedy. Judge Kennedy's confirmation proceeded smoothly through the Senate, and he became a member of the Supreme Court in February 1988.

Most observers expect the Supreme Court to reflect the conservative philosophy of Ronald Reagan for many years to come. All three of President Reagan's appointees to the Court are in their fifties and are expected to stay on the Court well into the next century. By contrast, three current Supreme Court justices are in their eighties. Therefore, like his predecessor, President George Bush may have the opportunity to exert a strong influence on the Court.

The Supreme Court

Justice	**Age**	**Appointed By**	**Year Appointed**
William J. Brennan, Jr.	83	Eisenhower	1956
Byron R. White	72	Kennedy	1962
Thurgood Marshall	81	Johnson	1967
Harry A. Blackmun	81	Nixon	1970
William H. Rehnquist*	65	Nixon	1972
John Paul Stevens	69	Ford	1975
Sandra Day O'Connor	59	Reagan	1981
Antonin Scalia	53	Reagan	1986
Anthony M. Kennedy	53	Reagan	1987

*Chief Justice

The Making of the Federal Budget

Each year, the president and Congress make a budget of expenses and anticipated revenues for the federal government. They must decide how much money the government will spend on defense, health care, foreign aid, and hundreds of other federal programs. In addition, lawmakers must determine how much tax revenue is needed to support these programs, how much the government can expect to receive, and whether to raise or lower taxes.

Executive Branch Budget Process. In the executive branch, the Office of Management and Budget (OMB) is responsible for drawing up the president's budget for the upcoming fiscal year. (The fiscal year begins on October 1 and ends on September 30.) The president relies on the OMB director to produce a budget reflecting the priorities of the administration.

The Office of Management and Budget develops a budget by first analyzing the proposed annual spending plans of each federal agency. Every year, OMB asks government agencies to estimate costs of their programs for the next five fiscal years. OMB then revises agency budgets to conform with administration policy and budgeting goals. The president submits his budget to Congress on the first Monday after Congress is in session.

The Budget Process for Fiscal Year 1991

Spring 1989
Office of Management and Budget (OMB) assigns government agencies a maximum amount for their budget proposals.

Summer 1989
Agencies submit their proposed budgets to OMB. Agency directors meet with OMB executives and the president's staff to justify proposed spending and to finalize the budget.

January 1990
The president submits his budget proposal to Congress on the first Monday after January 3.

February 15, 1990
Congressional committees submit program estimates to budget committees.

April 15, 1990
Budget committees report the first budget resolution. The resolution sets targets for government spending by Congress.

May 15, 1990
Committees report authorization bills; Congress completes action on the first budget resolution. Until the first budget resolution is adopted, neither house may consider authorization or spending bills or changes in tax revenues or the national debt.

May–August 1990
Congress completes action on all budget and spending bills.

September 15, 1990
Congress completes action on a reconciliation bill to bring the budget in line with spending bills. Congress may not adjourn until it finishes these measures.

October 1, 1990
Fiscal year 1991 begins.

Congressional Budget Process. Congress has a crucial role in the budget process. No government agency or program can operate without receiving approval and funding from Congress. Congress grants approval by passing an *authorization bill*, which states the goals of a program, the rules and regulations that Congress believes are necessary, and the amount that the agency can spend for the program. Congress must also approve a separate *appropriation bill*, which actually gives the agency its money.

Congress is also responsible for raising the money for the government. Congress raises money by creating new taxes, increasing the old tax rate, or authorizing the Treasury Department to borrow money to make up the difference between money collected and money spent.

Congress usually considers authorization, appropriation, and revenue-raising bills separately. For many years, these separate steps made it difficult for legislators to keep track of the total amount the government was spending. In 1974, Congress added an additional step to the budget-making process. The House and Senate must now approve a joint budget resolution, setting guidelines for how much the government can spend in any area and predicting how much revenue the government will take in. Later in the year, Congress passes a second budget resolution, reflecting changes in the economy and in expected revenue. If appropriation bills already passed by Congress exceed the new limits, Congress uses a reconciliation bill to bring spending within the limits set by the second budget resolution.

The Budget Deficit. The biggest problem facing policymakers today is the federal budget deficit—the difference between the amount of money taken in and the amount spent in a year. Budget deficits have existed for the past twenty years (the last budget surplus was in 1969). Recently, deficits reached unprecedented proportions. A then record deficit of $128 billion in 1982 grew to more than $200 billion for several years before dropping to $160 billion in 1988. Most experts agree that recent budget deficits were caused by increased government spending coupled with decreases in tax revenues.

Despite budget cuts in some programs over the last several years, overall government spending has actually increased. Increases can be attributed to the military buildup of the 1980s, automatic hikes for social security and other welfare benefits, and high interest rates. At the same time that spending was going up, government tax collections were going down.

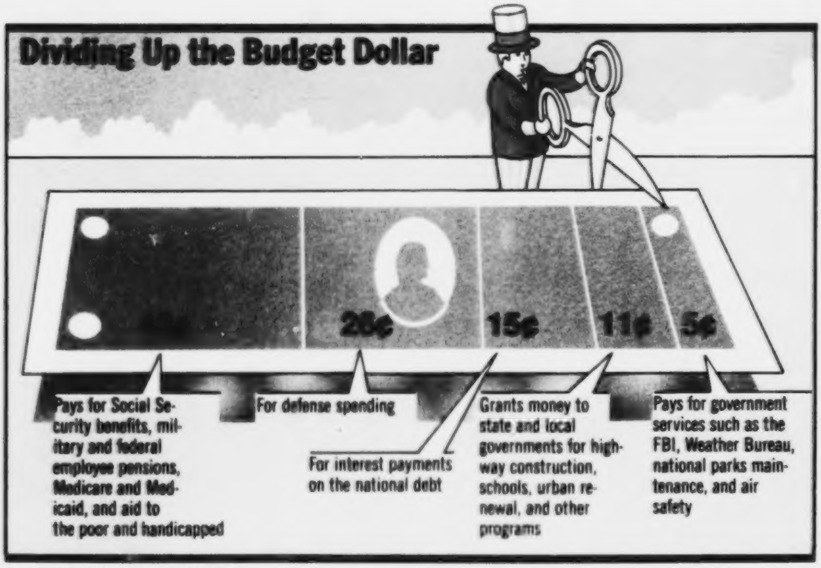
In an effort to revive a sagging economy, Congress agreed in 1981 to President Ronald Reagan's plan to cut personal income taxes by 25 percent. The tax cut would give consumers more money to spend on consumer goods, thereby increasing the profits of many companies. Increased profits would automatically mean increased tax revenues from corporations. However, after the tax cuts were enacted, the economy entered a recession. Companies were unable to sell their products and had to lay off workers. With people out of work and corporate profits down, the government took in far less tax revenue than expected, and as a result, the deficit grew.

Balancing the Budget. The options available to the president and Congress for reducing the budget deficit are limited. Of the more than $1.16 trillion being spent in fiscal year 1990, 43 cents of every dollar goes for direct payments to individuals in the form of social security benefits, military pensions, or aid to the handicapped. Cuts here would adversely affect nearly 40 million households—47 percent of the nation's population.

The next 26 cents goes for the nation's defense. From 1980 through 1988, defense spending increased 50 percent above the rate of inflation. Many members of Congress believe that defense spending should be trimmed. However, much of the money to be spent in 1989 and 1990 will pay for the completion of ships, tanks, and aircraft ordered in previous years.

Fifteen cents of every budget dollar pays the interest on the national debt—nearly $2.5 trillion by 1990. Interest payments will not decrease until the government reduces the annual deficit consistently.

Essential government services such as the National Weather Service, the Federal Bureau of



Dividing Up the Budget Dollar

28¢
15¢
11¢
5¢
Pays for Social Security benefits, military and federal employee pensions, Medicare and Medicaid, and aid to the poor and handicapped
For defense spending
For interest payments on the national debt
Grants money to state and local governments for highway construction, schools, urban renewal, and other programs
Pays for government services such as the FBI, Weather Bureau, national parks maintenance, and air safety

Source Office of Management and Budget

Investigation, and the Federal Aviation Administration cost 5 cents of the budget dollar. Many of these programs have already been pared, and budget experts agree that cutting them more would limit the government's ability to provide such services smoothly and safely.

The remaining 11 cents goes to state and local governments for programs such as highway construction, schools, and urban renewal projects, and may be a target for cuts. However, money that could be saved in this category would not dent the overall national debt.

One option available to reduce the federal budget deficit is to increase taxes. However, President George Bush and many members of Congress are firmly opposed to any increases in taxes. They believe that tax increases hamper economic growth by taking money away from individuals and by making businesses spend a larger share of their profits on taxes instead of on investments to improve and expand their compa-

The Federal Budget

In February 1989, President Bush submitted a budget for fiscal year 1990 for nearly $1.16 trillion. The budget also estimates spending for fiscal year 1991.

(outlays in billions of dollars)

	FY89	FY90	FY91
National Defense	$298.2	$300.3	$308.6
International Affairs	10.7	17.2	17.3
General Science, Space, and Technology	12.6	14.9	16.7
Energy	4.1	3.1	3.1
Natural Resources and Environment	16.5	14.4	17.0
Agriculture	20.9	15.5	15.5
Commerce and Housing	22.4	6.2	8.5
Transportation	28.0	29.1	30.4
Community and Regional Development	6.3	6.6	6.7
Education, Training, Employment, and Social Services	36.2	36.5	39.0
Health	49.8	53.7	59.0
Medicare	86.8	94.8	106.6
Income Security	137.0	138.3	144.2
Social Security	232.3	246.6	262.3
Veterans Benefits	29.2	29.5	30.2
Courts and Law Enforcement	9.4	10.3	10.6
General Government (Congress, Treasury Department, and Government Services Administration)	10.1	10.0	10.3
Net Interest	169.8	173.3	167.0
Allowances (civilian pay raises)	0.0	-0.3	-0.4
Income Earned From Leasing or Sale of Government Assets	-36.9	-39.6	-40.9
Totals*			
Budget Outlays**	$1,142.6	$1,160.4	$1,211.8
Revenues	$ 979.3	$1,065.6	$1,147.6
Deficit	$ -163.3	$ -94.8	$ -64.2
Gross Federal Debt	$2,886.1	$2,980.9	$3,045.1

*Totals include credit reform and proposed loan asset sales

**Note: Discrepancies may occur due to rounding of budget figures nies. A second option to reduce the deficit is to reduce government spending. Over the last decade, Congress considered a number of spending reduction plans, including a constitutional amendment that would require the federal budget to be balanced. The most successful plan to date was the Balanced Budget and Emergency Deficit Control Act (also called Gramm-Rudman-Hollings after the bill's primary sponsors).

The first Gramm-Rudman-Hollings act, passed in 1986, required the federal government to reduce the deficit to zero by 1991. However, certain provisions were ruled unconstitutional by the Supreme Court. Congress then rewrote the law and it went into effect in September 1987. The new Gramm-Rudman-Hollings law requires Congress to meet a budget target every year or face automatic budget cuts instituted by the president. Under the terms of the act, Congress must reduce the deficit to zero by 1993.

The First Bush Budget. President Bush declared that balancing the budget was one of his top priorities. Less than three weeks after taking office, the president unveiled his budget proposal for fiscal year 1990 before a joint session of Congress. Reflecting his inaugural theme of a "kinder, gentler nation," the president's budget called for increased spending in many programs that were previously cut by the Reagan administration. Included among these programs were:

- Education. The Bush budget called for an additional $768 million to expand Head Start preschool programs and to reward successful schools and superior teachers.
- Environment. President Bush pledged a "new attitude" about the environment and requested an extra $710 million for grants to develop clean-coal technology, to conduct further research into the causes and preven-

tion of acid rain, and to begin construction of land and water conservation projects.

- AIDS research. President Bush requested $160 million for additional research funds to find a cure for Acquired Immune Deficiency Syndrome (AIDS).
- War on drugs. President Bush asked for a total of $6 billion for drug enforcement and education, an increase of $800 million over the last Reagan budget.

The president also requested $300.3 billion for defense—not an actual increase, but enough to keep pace with inflation. The first Bush budget totaled $1.16 trillion, with an estimate of a $94.8 billion deficit—less than the Gramm-Rudman-Hollings target of $100 billion for fiscal year 1990. And according to the president, all of this would be accomplished while keeping his major campaign promise of no new taxes.

Domestic Policy Issues

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The Economy

When George Bush became president in January 1989, he inherited a growing economy. The United States was experiencing one of the largest economic expansions in its history. The nation's total wealth had grown by more than $2 trillion since 1982, and for many Americans, their financial well-being had never been better.

However, some economists are concerned that the economy is not as sound as it appears. They point out that the government spends more money than it takes in each year. They warn that the resulting federal budget deficit threatens America's economic health because it forces the government to borrow more money to pay its bills.

President Bush believes that this budget deficit can be reduced by cutting spending rather than by raising taxes. Under his "flexible freeze" plan, the president wants to reduce overall spending—increasing funding only for high priority programs and cutting it for all others. However, some members of Congress say that the budget cannot be balanced without breaking the president's pledge of "no new taxes." They also claim that budget cuts may weaken important social programs such as Medicare, Aid to Families with Dependent Children, and school lunch programs.

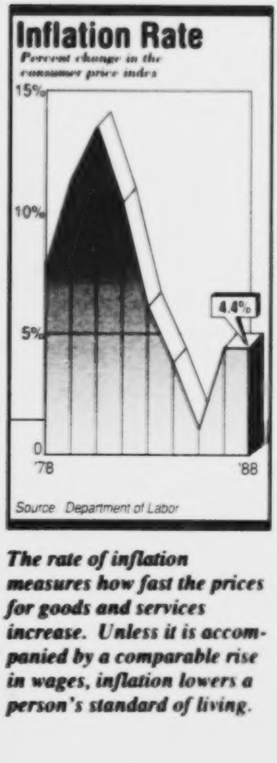
Unless they can increase government income, Congress and the president will be forced to cut funds for some programs to meet deficit reduction targets. The president, members of Congress, and the American people face tough choices as they try to provide for the needs of the nation on a limited budget.

Key Questions

- Should the government raise taxes to reduce the budget deficit?
- Should the government cut the trade deficit by lowering the value of the dollar?
- Should the United States erect protectionist trade barriers to restore its competitiveness?

Background

Factors in Economic Policy



Source Department of Labor

The rate of inflation measures how fast the prices for goods and services increase. Unless it is accompanied by a comparable rise in wages, inflation lowers a person's standard of living.

Inflation. Simply stated, inflation is a continuing rise in prices for goods and services. The higher the rate of inflation, the faster prices go up. The inflation rate declined over the last eight years, from 13.5 percent in 1980 to 4.4 percent in 1988. Some economists believe that a 2 percent annual rate of inflation actually spurs economic growth.

One danger of inflation is that, unless accompanied by a comparable rise in wages, it lowers a family's standard of living. Inflation particularly hurts people living on fixed incomes—the elderly and those who depend on government-sponsored social programs, such as social security and veterans' benefits.

A high rate of inflation also induces people to buy on credit and to forgo saving money. The economy suffers when individuals do not save money, because banks have less money to loan for investments in new homes, businesses, and industrial equipment.

The government can control inflation through a variety of means. For example, the president can order wage controls, thereby reducing the amount of money available for spending. When there is less demand for goods and services, prices eventually fall to acceptable levels. Another way the government controls inflation is through the Federal Reserve Board (the Fed), which determines the amount of money circulating in the economy. The Fed can reduce—or *tighten*—the money supply by raising interest rates (the price one must pay to borrow money). When interest rates rise, consumer spending decreases and prices fall.

Recession. A recession occurs during a period of economic slowdown. Recessions are usually marked by a decline in production, spending, and consumer demand. One danger of recession is high unemployment.

To stimulate new economic growth, the Fed can *ease* money by lowering interest rates and making more money available to banks for lending. For example, fearing a recession after the stock market crash in 1987, the Fed lowered interest rates. This encouraged businesses to go forward with plans for expansion, thereby reducing the danger of increased unemployment.

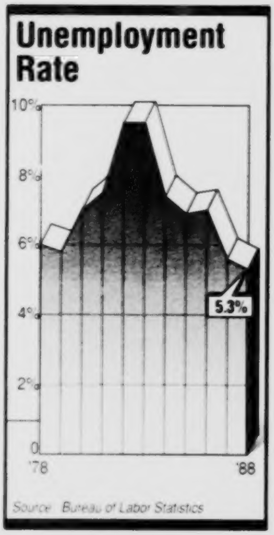
Another way the government deals with a recession is by reducing taxes. Lower taxes put more cash in consumers' pockets. More available cash encourages consumer spending on goods and services, such as new homes, new cars, and travel.

Historically, the U.S. economy has gone through cycles of recession and recovery. The last recession, during 1981-82, was followed by the greatest economic recovery in U.S. history.

Unemployment. The rate of unemployment refers to the percentage of people who want to work but cannot find jobs. Because there are always people between jobs, the unemployment rate is never zero. At the end of 1988, 5.3 percent of American workers were unemployed. Many economists consider the economy to have *full employment* when only 4 percent of the employable population is looking for work.

Traditionally, unemployment hits some groups harder than others—minorities more than whites, females more than males, teenagers more than adults. Minority teenagers have the highest unemployment rate in the country; in some communities as many as 50 percent are without work. Unemployment is also particularly hard on older workers who have spent their lives in heavy manufacturing, such as the automobile and steel industries. When American companies build new factories in developing countries, where workers

Unemployment Rate



Source: Bureau of Labor Statistics

The rate of unemployment measures the percentage of those in the civilian labor force who want to work but cannot find jobs. Many economists believe that the economy is at "full employment" when unemployment reaches 4 percent, because there are always some people moving from one job to another.

are paid lower salaries, and factories in the United States close because there is less demand for their products, many workers lose their jobs.

Unemployment also affects the government. When more people are out of work and not paying taxes, the government takes in less revenue. At the same time it pays out more in unemployment compensation. High unemployment during the early 1980s was partly responsible for the rising federal deficit.

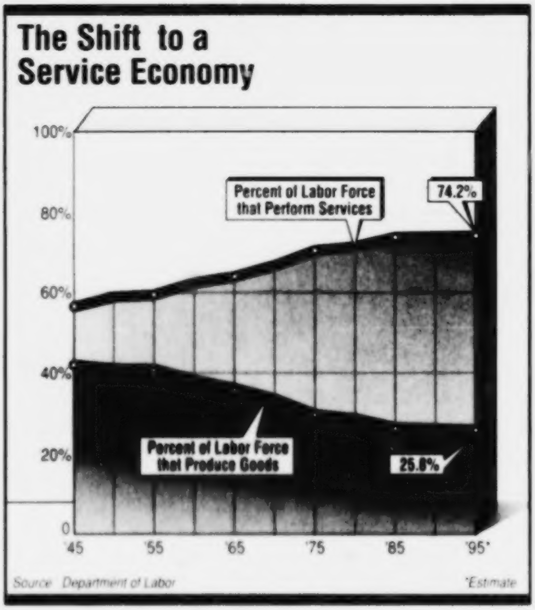
In times of high unemployment, the government uses different policies to create new jobs. For example, during the 1930s the Roosevelt administration hired millions of Americans to do public works projects, such as planting forests, stringing electric lines in rural areas, and constructing public buildings, bridges, and dams. The government can also lower taxes and interest rates to encourage businesses to expand and hire more workers.

National Priorities

A recent Gallup poll reported that 44 percent of Americans believe that reducing the budget deficit should be the nation's top priority. Protecting American jobs came in second with 20 percent.

Productivity. Productivity refers to the amount of goods produced per person per hour. A rising rate of productivity usually leads to higher wages, higher profits, and lower prices. Historically, newer, more efficient machinery and technological advances have enabled American workers to produce more with the same amount of effort. But since the 1960s, productivity in many foreign countries—particularly Japan—has surpassed that of the United States. This increase in foreign productivity means that products made in other countries are often less expensive than comparable products made in the United States. As a result they sell better. During the 1980s, American productivity has risen an average of less than 1 percent per year, a rate lower than in France, Great Britain, Japan, and West Germany.

The increasing productivity of foreign competitors continues to challenge many American manufacturers. Companies must either spend



The Shift to a Service Economy

Source: Department of Labor

*Estimate

Since World War II, the U.S. economy has become more service oriented. The number of jobs in heavy industries, such as steel and automobile manufacturing, have decreased, whereas jobs in service industries, such as computer operation and repair, information processing, and accounting, have increased.

millions of dollars to modernize their factories or give up manufacturing in the United States altogether. Some manufacturers improve their productivity. Others become discouraged by high interest rates that make borrowing money for modernization too expensive, by government regulations that require safety and antipollution devices on new machinery, and by high wages for American workers. These manufacturers may close their factories permanently or move their operations to developing countries, where wages and operating standards are below those in the United States.

International Interdependence. Since the United States is one of the world's largest exporters and importers, the U.S. economy has been called an "engine of growth" for the rest of the world. The huge market for foreign goods in this country, including food, clothing, and automobiles, creates jobs overseas and keeps foreign workers employed.

The increasing productivity of foreign competitors continues to challenge many American industries. Every year, U.S. companies must invest millions of dollars to modernize factories, retrain workers, and improve quality control.

General Electric Company

Similarly, the health of the U.S. economy depends on how well our products sell in foreign markets. One out of eight American jobs is related in some way to producing exports, ranging from food to computer software. During the 1980s, many Americans lost their jobs because sales of U.S. products declined overseas. Many American manufacturers laid off workers when their export sales dropped.

Ironically, economic conditions in the United States often help create the conditions abroad that cause U.S. exports to decline. For example, the economies of many nations, especially developing ones, rely on the United States as a market for their exports. If American consumers cut back on the purchase of products imported from developing countries, reduced sales in the United States may in turn force a recession in developing countries, causing high unemployment, lower wages, and less demand for American goods as well.

In addition, developing countries rely on American banks by borrowing billions of dollars to finance their industrial development. If U.S. interest rates go up, developing countries often cannot pay the interest on those loans without making large economic sacrifices, which might include reducing imports from the United States.

Thus, economic conditions in the United States can create harsh economic problems for many developing countries.

The Reagan Economic Legacy

"Reaganomics." When Ronald Reagan was elected president in 1981, he proposed a new economic philosophy to solve the nation's economic woes. Previous presidents had followed the *Keynesian* economic approach, which relies on government spending to stimulate a sagging economy. Since the 1930s, businesses had come to rely on government intervention in the economy as a way to ensure growth, and citizens had come to look to government jobs and social programs for economic security.

But the growth of government services and spending since the 1930s had forced the government to borrow more money than it collected every year. Federal budget deficits had become commonplace.

President Reagan's new economic policy, called *supply-side economics*, was based on the belief that the government should take a limited role in the economy. Supply-side economics operates on the principle that the economy will flourish if businesses and consumers are allowed to pursue their own interests within a free marketplace, not controlled by the federal government.

President Reagan felt that the economy was hurt by a huge tax burden. He believed that the best incentive to economic growth was a tax cut, which would give businesses and consumers more cash in hand. Lower taxes were also the key to high productivity, since more money would be available for investment in new, more efficient machinery and for technological advances. An increase in profits would automatically increase

Debt and the U.S. Budget

According to the Congressional Budget Office, roughly 20 percent of the 1988 budget was used for interest payments on the national debt.

TWO THIRDS OF DEMOCRATIC PLANS' TAX INCREASES AND DEFENSE CUTS GO TO HUGE DOMESTIC SPENDING RISE

Jack Kightlinger/The White House

President Reagan believed that the government's role in the economy should be limited. His economic plans called for decreased government spending on domestic programs, limited government regulation of business and industry, and lower personal income taxes.

tax revenues, thereby reducing the budget deficit naturally, without inflation and government interference. In 1981, Congress approved the largest tax cut in history.

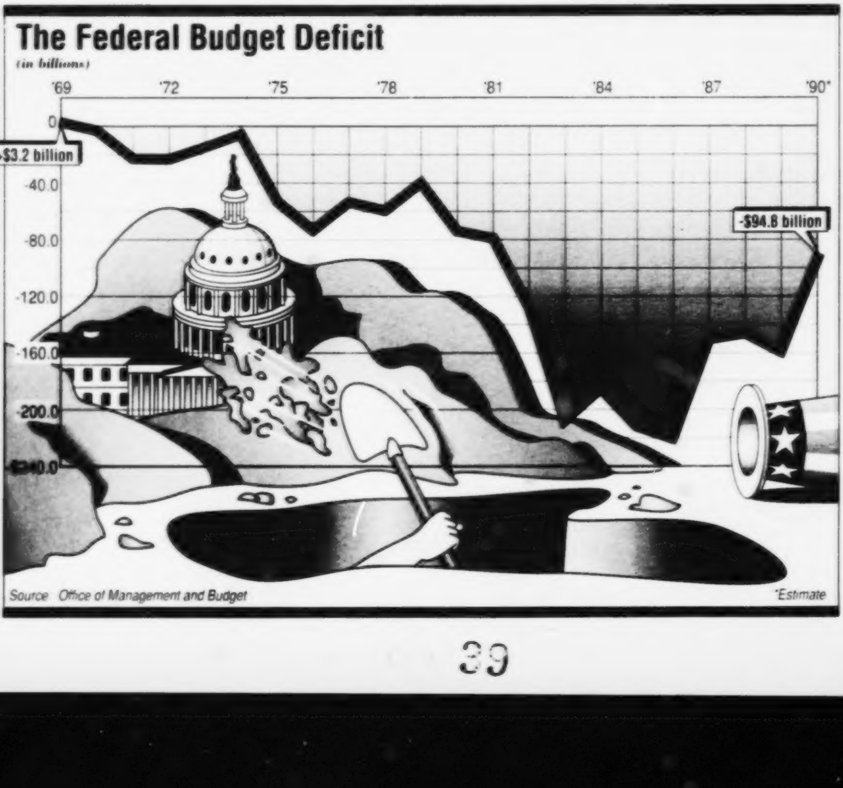
Tax Reform. In 1986, President Reagan signed into law a new tax code to change the way the government collects revenues. The tax law (1) freed many poor people from paying any federal taxes; (2) lowered corporate and individual tax rates; (3) increased *exemptions* (a portion of income that is not taxed); and (4) eliminated many tax shelters for individuals, corporations, and investors. President Reagan believed the tax code would spread the tax burden more fairly among individuals and encourage businesses to expand.

The Growing Budget Deficit. Although President Reagan hoped his plans would balance the federal budget, he was never able to control government spending. The budget deficit tripled during the Reagan years. It grew because heavy increases in defense spending helped overall government spending increase and because the 1981 tax cut did not bolster tax revenues as the president had thought.

Because the government spends more money than it receives in taxes, it must borrow money to cover the deficit and to pay interest on money borrowed in previous years. At the beginning of fiscal year 1989, the budget deficit stood at about $160 billion, down from the high of over $220 billion in 1986. But the total federal debt—the accumulation of all annual budget deficits—keeps growing: it now stands at more than $2.6 trillion. The government pays the holders of this debt—mostly individuals, banks, and corporations—more than $170 billion a year in interest alone. Payment on the national debt is the third largest component of the federal budget, behind defense and entitlement programs such as social security and Medicare.

In recent years, Congress has considered several proposals to balance the budget including a constitutional amendment that would require a balanced budget. So far Congress has rejected the balanced budget amendment, but in 1986, it passed the Balanced Budget and Emergency Deficit Control Act—better known as the Gramm-

The budget deficit measures the difference between the amount of money the government takes in and the amount of money it spends each year. In the last decade, policymakers have considered tax increases, spending cuts, and a constitutional amendment requiring a balanced budget as ways to lower the deficit.



Source: Office of Management and Budget

Rudman-Hollings Act. This law required the federal government to reduce the deficit to zero by 1991. However, certain provisions of the bill were ruled unconstitutional by the Supreme Court. Congress rewrote Gramm-Rudman-Hollings and it went into effect in September 1987. The new law requires Congress to meet a budget target every year or face automatic cuts. The law also requires Congress to reduce the federal budget deficit to zero by 1993.

Current Issues

Budget Deficit. President Bush supports the Gramm-Rudman-Hollings goal of balancing the nation's budget by 1993. He also supports a constitutional amendment to require the government to balance its budget. In the meantime, the president plans to balance the budget by reducing government spending without imposing new taxes. He proposes a "flexible freeze" that would limit overall government spending but would allow Congress to increase spending on high priority programs such as education, AIDS research, and antidrug campaigns. Under President Bush's plan, spending in some areas—such as energy and agriculture—would be reduced, and defense spending would only increase to match the rate of inflation.

Some members of Congress disagree with the president's proposal. They claim that the "flexible freeze" is unworkable. These critics say that spending for existing programs would have to be cut dramatically to pay for the increases the president has proposed for his high priority programs. Some members of Congress claim that too many programs have already been cut and that the only alternative left is to raise taxes. They argue that higher taxes are preferable to cutting existing federal programs. Some members of Congress

Foreign Investment

The Commerce Department reports that in the last ten years, foreign investments in the United States rose from $42 billion to $262 billion.

UPI/Bettmann Newsphotos

To some people, the trade deficit may be only a number. But to others, the trade deficit has very real consequences. The more business that U.S. companies lose to overseas competition, the more likely that jobs will have to be cut.

have suggested raising taxes on gasoline, tobacco, and alcohol. Other proposals would increase the income tax rate for the rich, eliminate some tax deductions, or impose a tax on government pension payments.

Trade Deficit. The United States imports far more goods than it exports. In 1988, the United States had a trade deficit of more than $137 billion. Many economists say that huge U.S. trade deficits have caused the loss of hundreds of thousands of jobs in the United States and that American consumers are in effect sending billions of dollars to foreign companies. If domestic companies had this money, they could expand industrial production and increase technological research to ensure economic growth and to create jobs at home.

Many economists believe that the trade deficit was caused by the high value of the U.S. dollar in relation to foreign currencies. During the early 1980s, the rising value of the dollar caused the price of U.S. goods in other countries to increase. As a result, many American products became too expensive for foreign consumers, and sales of U.S. goods overseas declined.

Since 1985, the U.S. government has allowed the value of the dollar to fall in an effort to combat the trade deficit. The government believes that the reduced value of the dollar will make American goods less expensive overseas, encouraging foreign consumers to buy more U.S. goods. The increased foreign sales of U.S. products will then increase jobs in the United States.

Critics of the government's policy to lower the value of the dollar believe that the importance of the trade deficit is overstated and that the policy is dangerous. They argue that a drop in the value of the dollar increases the price of foreign goods in the United States and could lead to higher inflation. Others say that the policy has not worked. They point out that after four years the United States still has a trade deficit despite a fall in the value of the dollar.

Restoring Competitiveness. Can American products compete on the world market? Can U.S. manufacturers produce the high quality goods and services that foreign consumers want at prices these customers can afford? These are vital questions now facing U.S. businesses and policymakers.

Americans have long been accustomed to being "Number One," politically, militarily, and economically. But since World War II, our rela-

Some experts question the ability of the American automobile industry to compete in the world market. In 1986, Hyundai, a Korean-based automobile manufacturer, shipped its first cars to the United States. Within nine months, all 168,000 Hyundais in the initial shipment were sold.

UPI/Bettmann Newsphotos

tive economic position has declined drastically. The United States produced 60 percent of the world's goods in 1950 but now produces only 20 percent. Prices of American goods have risen, while foreign countries have learned to produce higher quality goods at less cost to the consumer.

Analysts point to several reasons for the rise in foreign productivity. First, foreign workers earn lower wages; second, foreign companies have invested in new, more efficient manufacturing techniques and technologies; and third, foreign governments play a more active role in planning economic policies.

To restore American competitiveness in the world, some policymakers advocate protectionist policies, such as tariffs and quotas, which would limit the amount of imports. Supporters of this view say that because many countries have levied high import taxes, American products are no longer competitive in foreign markets. They believe that the United States should also raise its import taxes to drive up the cost of foreign goods being sold here. In addition, industries that have been hurt by foreign competition maintain that they need some kind of government intervention to protect their businesses and save jobs.

Critics say that the problem with protectionism is that it can backfire. Critics claim that quotas and protectionist measures can cause other nations to retaliate with more trade barriers. Some maintain that the government should not interfere in the marketplace by protecting uncompetitive industries. These critics argue that a free market will weed out inefficient producers, leaving the most competitive U.S. industries to export the goods that foreign consumers want and can afford.

Outlook

Most analysts agree that Congress and the president must reduce the federal budget deficit if the United States hopes to regain the dominant position it once held in the world economy. But reducing the deficit through budget cuts or increased taxes presents government officials with difficult choices. In addition, some policymakers are concerned about the trade deficit. The government will be under pressure to lower the value of the dollar and to pass protectionist measures to help solve the trade problem. Finally, since U.S. productivity is growing slowly compared with that of other countries, efforts to restore U.S. industrial competitiveness must continue.

The Debate The Economy

Should the Government Raise Taxes to Reduce the Budget Deficit?

PRO

The federal budget deficit threatens our nation's future and must be reduced. Since most social and defense programs are essential, the only alternative is to raise taxes. Americans may not like it, but they need to pay more taxes for government services.

CON

A tax increase will reduce personal income, business profits, and the amount of money corporations can use for expansion and improvement. The federal government should look for ways to cut spending on social programs and defense. The nation is best served by a healthy economy, and that depends on a low tax rate.

Should the Government Cut the Trade Deficit by Lowering the Value of the Dollar?

PRO

The trade deficit hurts our economy. Hundreds of thousands of jobs are lost, and billions of dollars are flowing out of the country. A lower dollar value would make American goods cheaper and therefore easier to sell abroad. Increased sales would put Americans back to work.

CON

The danger of the trade deficit is overstated. Foreigners who earn U.S. dollars are reinvesting these dollars in the United States because our economy is basically sound. Foreign investment produces economic growth at home. The danger of a "cheaper" dollar is that it would raise the price of imported goods, causing inflation.

Should the United States Erect Protectionist Trade Barriers to Restore Its Competitiveness?

PRO

The United States is losing its position as the dominant economic power in the world. Many foreign countries have quotas and import taxes on American goods. Congress should pass restrictive import quotas, strict antitrust laws, and other trade regulations to protect American goods and jobs and to put American companies on more equal terms with foreign competitors.

CON

Protectionism is a "quick fix." It will not solve our country's trade deficit in the long run. In fact, it will only compound our problems by alienating foreign competitors. The real solution is to make better products more cheaply. This can be done by promoting free-market capitalism and by relaxing antitrust laws and business regulations.

Education

In 1983, the National Commission on Excellence in Education charged that educational mediocrity threatened the country's future. The commission cited low test scores, watered-down curricula, and a high rate of illiteracy as evidence of the decline in American education. Schools across the country responded by reforming America's educational system. However, the "report card" on the nation's schools is still mixed.

High school students in the United States now take more demanding courses in English, science, mathematics, social studies, and foreign languages. Nearly half of the states have raised teacher salaries and have adopted tougher student discipline codes; some states have lengthened the school day and year.

Yet, the standardized test scores of U.S. high school students remain lower in nearly all disciplines than those of their peers in other industrialized countries. Recent testing among American seventeen-year-olds revealed that 66 percent could not correctly identify major historical figures, that 80 percent could not write an organized letter, and that 50 percent could not do junior high school math problems.

President George Bush believes that education is a national priority. He says that "education can be our most powerful economic program, our best program for producing jobs and bringing people out of poverty." President Bush supports the education reform movement, but believes that much more work lies ahead if the nation's schools are to produce the competent, educated workers that a prosperous America requires.

Key Questions

- Should the government play a more active role in education?
- Should the government continue to subsidize student loans?
- Should English-only instruction be used for bilingual students?

Background

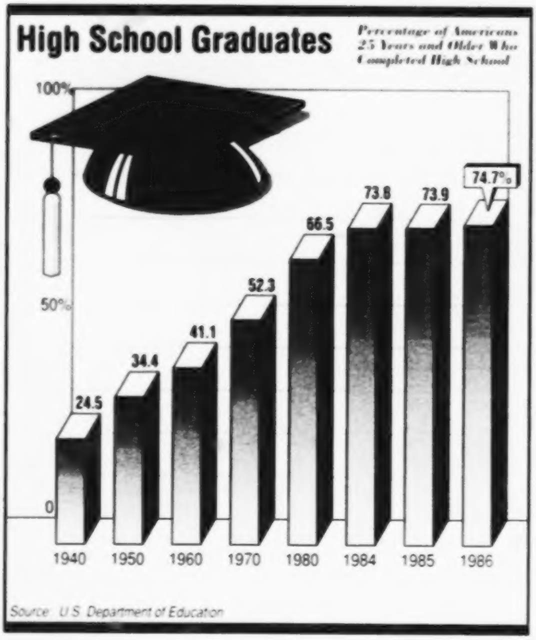
The American School System

Community Approach. Education—especially literacy—has always been valued by Americans. The Puritans saw education as an important means of passing on religious teachings. Later, Americans saw that publicly supported education could wipe out the legacy of the British class system, where literacy separated the rich from the poor. Since its inception, the public school system has Americanized immigrant children: The schools teach them the English language and American values, and help ensure an educated electorate.

Funded and operated for the most part at the local level, the American public school system is highly decentralized. School districts determine programs of study, selection of books, hiring of teachers, and other factors such as school budgets and classroom size. A school district might encompass an entire county or city, or just a small segment of the community. A school superintendent administers each school district, while a school board—usually elected—makes budget and policy decisions. Local school management allows parents to determine the kind of education they want for their children.

Schools and the New Social Agenda. During the 1950s and 1960s, the United States took on new challenges. The federal government committed itself to landing the first man on the moon safely, wiping out poverty, and ending racial segregation and racism. An effective place to begin achieving these ends was the public school.

In addition, people felt that every American should have an equal chance to get a good education. Yet the schools could not ensure this because



Source: U.S. Department of Education

The number of people completing twelve years of school has increased over the years. Nearly three-fourths of all Americans receive a high school diploma today, compared with only one-fourth in 1940.

they were not funded equally from state to state and district to district. Schools are still unequally funded because local property taxes, used to finance most schools, vary. Districts with high property values can afford better schools and teachers than districts with low property values. Because most communities were not able to meet the cost of the new social agenda, the federal government increased its share of school financing.

The Sputnik Challenge. In 1957, when the Soviet Union successfully launched *Sputnik*, the first orbital satellite, many Americans were shocked because Soviet technology had apparently outpaced American technology. In response, Congress passed the National Defense Education Act of 1958 to encourage the study of science, mathematics, engineering, and foreign languages at all levels.

President Johnson's Great Society. In the 1960s, President Lyndon B. Johnson addressed the problem of poverty through his Great Society programs. "Poverty has many roots," he said, "but the taproot is ignorance." President Johnson proposed three new federal education programs: the Economic Opportunity Act, the Elementary and Secondary Education Act, and the Higher Education Act.

Economic Opportunity Act. The Economic Opportunity Act of 1964 launched President Johnson's Great Society program. This law provided money for adult literacy programs and for Project Head Start, a preschool program for children from poor families.

Elementary and Secondary Education Act. In 1965, Congress approved the first general aid to education law, the Elementary and Secondary Education Act (ESEA). Whether children attended public or private schools, the ESEA was designed to improve their education. Though this law helped all children, it was aimed particularly at economically disadvantaged children. The ESEA also sought to close the gap in school funding between rich and poor states. Today the act provides federal money for schools to offer special programs such as remedial reading for low-income students. The ESEA also assists the states in buying textbooks, library resources, and instructional materials, and in establishing and supporting guidance and testing centers.

Higher Education Act. The Higher Education Act of 1965 authorized federal scholarships for needy college students. The act also provides federally financed loans for students wishing to go to college.

Department of Education

In 1979, Congress elevated education to cabinet-level status by creating the Department of Education. Previously, education was handled by the Department of Health, Education, and Welfare, later reorganized as the Department of Health and Human Services.

Desegregation. In the landmark 1954 case, *Brown v. Board of Education of Topeka*, the Supreme Court ruled that racial segregation is unconstitutional. Subsequent court decisions ordered schools

National Education Association/Joe Di Dio

In 1954, the Supreme Court ordered the nation's school districts to begin desegregation programs "with all deliberate speed." Busing students to balance the racial mix of schools was considered the most effective means of desegregation. Today, more than 350 school districts still have court-ordered busing programs in place.

to begin desegregation immediately. During the 1960s, Congress passed laws denying federal aid to school districts that continued segregation. During the 1970s, Congress offered school districts funding to assist desegregation efforts such as busing. But in the 1980s, President Reagan favored voluntary measures, not court orders, to achieve school desegregation, because he believed that busing was dividing many communities. During the Reagan administration, the Justice Department challenged the legality of hundreds of busing programs around the country. More than 350 school districts remain under court-ordered desegregation plans. Other school systems have replaced busing with magnet schools to achieve racial integration. In magnet school programs, parents can choose to send their children to non-neighborhood schools that specialize in the performing arts, science, math, or foreign languages.

Mainstreaming. Prior to the 1960s, many handicapped children attended expensive private schools because public schools were ill-equipped to handle their special needs. During the 1960s and 1970s, public education faced the charge of discrimination. In the mid-1970s, federal courts ruled that handicapped children have the right to an education in the "least restrictive environment" possible. Handicapped students, they said, should be "mainstreamed" whenever possible—that is, they should attend classes with nonhandicapped children. Federal funds have helped public schools buy equipment, build special facilities, and train teachers to work with handicapped students.

National Education Association/Joe Di Dio

In the 1970s, federal courts ruled that public schools must teach physically disabled and learning disabled students in the "least restrictive environment" possible. Today, a major portion of federal education funds is given to local school boards to train teachers, purchase special materials and equipment, and build wheelchair ramps.

The Education Reform Movement. In 1983, the National Commission on Excellence in Education released its report, *A Nation at Risk*. The report focused national attention on what the Commission called a "rising tide of mediocrity" in U.S. education. The report cited a high rate of functional illiteracy and declining test scores as evidence of the problem. The commission blamed the growing mediocrity on watered-down curricula, low demands on students, and declines in the quality and training of teachers. *A Nation at Risk*, and other reports like it, generated a nationwide movement to reform education. All fifty states undertook programs of educational reform. Nearly all states raised the minimum requirements for high school graduation, and many states passed comprehensive education bills that tightened academic standards and raised teachers' salaries.

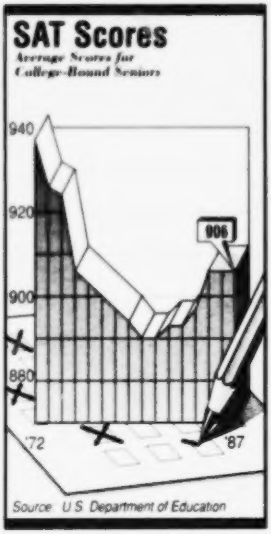
After nearly seven years, the "report card" on education reform is mixed. Although scores on standardized college admissions tests rose from 1983 to 1985, they have remained virtually unchanged for the last three years. Some reforms have had negative effects. For example, tougher requirements for high school graduation have actually increased the high school dropout rate.

However, there have been positive signs of progress. The number of students taking advanced math courses in high school has increased by one-third. Some schools in New York City have increased the percentage of their students who read at or above the national average for their grade from 20 to 60 percent. In some areas Scholastic Aptitude Test (SAT) scores rose 37 points on average. Still, most educators say that it is too early to evaluate the effects of education reform.

Current Issues

Who Should Make Education Policy? Traditionally, the local community controlled schools. School district administrators and school boards largely decided funding and school policy, and parents and teachers had direct contact with them. State governments retained some authority, setting standards for teacher certification and providing school districts with additional funding to supplement local property taxes. However, the publication of *A Nation at Risk* and other studies critical of public schools has prompted state legislators to take a greater interest in what was previously considered a local matter. For example, many states have passed laws requiring longer school days and years, increased minimum requirements for graduation, state approval of textbooks, and competency tests for teachers. The state role in school spending has also increased. States now provide 50 percent of school funding, while 43 percent comes from local support.

Some educators criticize states for overregulating schools. Critics say that too much state regulation frustrates innovative teaching, which usually develops at local levels. School districts are especially angry about policies that allow the state to take control of districts in which student achievement is lagging. State leaders argue that if states are to commit the large amounts of money



SAT Scores

Average Scores for College-Bound Seniors

Source: U.S. Department of Education

The decline of Scholastic Aptitude Test (SAT) scores during the 1970s was seen by some policymakers as evidence that the quality of American education was declining. Many parents and educators say that the rise in SAT scores during the 1980s can be attributed to the success of the education reform movement.

needed by schools, they have the right to say how that money should be used. Also, state control over funding ensures that the poorest school districts can offer quality education.

National Education Association/Joe Di Dio

For the past seven years, all fifty states have been involved in a movement to improve the quality of education in the nation's public schools. As a result, most high schools across the country now have tougher graduation requirements and higher academic standards.

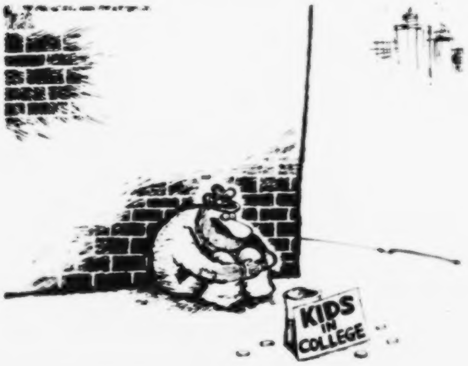
The Federal Role. President Bush believes that state and local governments should have the primary responsibility for funding and improving America's public schools. He points out that although the federal government spent more for education in the 1960s and 1970s, school problems worsened. He argues that the states are responsible for improving education through reforms such as magnet and year-round schools, higher graduation requirements, stricter academic standards, and higher salaries for teachers. The president believes the federal government should help the states make these changes by providing them with some federal funds to begin education reform programs. However, President Bush believes the federal government should not dictate what programs a state or school system should follow. Instead, he wants each state to use federal funds to operate the programs it chooses.

Critics of the president's policy argue that the federal government should take a more active role in designing and instituting education reforms. They claim that federally mandated programs have been effective in testing and upgrading student performance, mainstreaming handicapped students, and supporting preschool programs for inner-city children. In addition, federal aid has helped close the gap in spending between states that can afford ambitious educational programs and less affluent states that cannot increase school spending. Critics point out that illiteracy and equal educational opportunities are examples of problems that require national, not local, solutions.

Student Loans. One of the largest areas of federal education funding is loans for college education.

The federal government began offering student loans to lower- and middle-class students in the 1960s because many people considered the loans a wise investment in the nation's future. Under current programs, a college student can receive a government-guaranteed loan to help pay college tuition fees. The government pays the interest on the loan while the student attends school. After graduation, the student must pay back the loan within ten years. Recently, many people have criticized student loan programs because of their growing costs and the high number of defaulted loans. Each year, student loan programs cost the government $2.4 billion in subsidized interest payments and $1.3 billion in defaulted loans.

The government has looked to new ways to ensure repayment of student loans. Some officials recently proposed that a college or trade school with a high rate of defaulting students be barred from participating in any student loan programs. Proponents of this plan contend that institutions with high default rates may actually be misleading ill-prepared students by encouraging them to attend college even though the school knows that the students have little hope of getting through school or obtaining a well-paying job upon graduation. Under this plan, barred schools could participate in student loan programs only after they lower



© 1988 Washington Post Writers Group Reprinted with permission their default rates through better screening of applicants, increased career counseling, and improved job placement services.

Critics of this proposal object to punishing an entire institution for the sins of its former students. They say that ultimately the loss of funds will hurt those students who need the loans the most, particularly low-income minority students. In addition, opponents claim that loss of student loan funds would force many institutions to close. Especially vulnerable are trade schools, community colleges, and minority institutions where loan default rates tend to be highest.

Bilingual Education. About 3.5 million students in the United States either cannot speak English or speak very limited English. Congress has mandated that these students be taught bilingually—that is, not only in English but also in their native language. In 1967, Congress passed the Bilingual Education Act (Title VII of the ESEA). This act provides federal money to establish bilingual programs. About 200,000 children participate in federally funded bilingual classes each year.

Close Up Foundation

The cost of a college education is going up. Today, the average tuition at a public university is $1,590 per year—up more than 35 percent from 1980. The average tuition at a private university is $8,060 per year—an increase of 47 percent since 1980.

During the 1980s, many schools began "English-only" instruction for their bilingual and non-English-speaking students. Under this approach, children in these "English as a Second Language" (ESL) classes take their regular school courses—such as history, math, and science—with teachers who instruct in simplified English only, not in the students' native language. When the students can understand English better, they are placed in English-speaking classrooms with their peers. Advocates of this approach say that students learn English more quickly in ESL classes than in a bilingual program and are thus able to join the regular classroom sooner. ESL supporters say that since English is *the* language of the United States, students need to get into the habit of hearing and using only English. In addition, they point out that many school districts cannot find qualified bilingual teachers, that is, teachers who are fluent in both English and one other language. For ESL classes, where teachers use simplified English, school districts can hire teachers who do not need to speak a second language fluently.

Opponents to the ESL approach—including Secretary of Education Lauro F. Cavazos, who is bilingual in Spanish and English—believe that non-English-speaking children should be taught history, math, and science in their native language. At the same time, students would receive intensive tutoring in English. Supporters of this approach argue that ESL classes not only simplify English but also simplify subject matter, and that bilingual students in ESL classes often fall behind their English-speaking peers. Opponents of ESL believe that increasing children's knowledge through their native language ensures that they will keep up with their schoolwork and will be able to make a smoother transition to regular classrooms once they have mastered English. If, however, students are under pressure to catch up when they join English-speaking classrooms, they become frustrated and fall even further behind.

Bilingual Education

The Department of Education reports that the following states had the highest number of students who could qualify to attend federally aided bilingual education classes:

State	Students
California	567,564
Texas	274,091
New York	140,545
Illinois	53,742
New Mexico	50,772

Outlook

In the past seven years, state and local governments have spent large sums of money on education reform with mixed results. President Bush wants to provide more federal funds to state governments to improve teaching and school curricula, and to institute programs that allow parents to choose their children's school. Although President Bush supports these reforms, and more states are considering proposals to develop similar programs, many challenges will continue to confront America's schools in the years ahead.

The Debate • Education

Should the Government Play a More Active Role in Education?

PRO

Federal funds for education have helped to achieve some important national goals, such as improving educational opportunities for the poor, opening classroom doors to the disabled, and helping talented children from lower- and middle-class families obtain quality college educations. Only the federal government can set national standards for educational quality and equalize school spending between rich and poor states.

CON

As federal involvement in education has increased, the quality of education has declined. Money and federal regulation are not the answers to the problem. States and local communities must work harder to train and hire better teachers, to toughen discipline in schools, and to set higher standards for students. American schools have always been controlled locally. Local school management allows parents to participate in their children's education.

Should the Government Continue to Subsidize Student Loans?

PRO

In the past ten years, college tuition has skyrocketed, especially for private schools. Lower- and middle-class families with more than one child in college are particularly hard hit. The government should continue to subsidize student loans because they are a good investment in the nation's future.

CON

Too many people have abused federally financed student loans. Many loans have gone to middle-class students who later defaulted on their loans. It is only fair that the beneficiary of a loan—the student—be asked to pay the cost, and not the government.

Should English-Only Instruction Be Used for Bilingual Students?

PRO

Non-English-speaking students in the United States must learn English to be successful. English-only classes, a form of using simplified English, succeed in quickly moving these students into regular classrooms. Previous generations of non-English-speaking students were able to learn English and stay ahead in school without being taught in their native language. Besides, there are simply not enough qualified bilingual teachers for each child who needs help.

CON

English-only classes are harmful because bilingual students learn a simplified English and a simplified course content as well. Bilingual students are forced to catch up once they are in regular English-speaking classrooms. Often, they are unable to catch up, become discouraged, and fall further behind. Bilingual students should be taught history, math, and science in their native language until they can successfully participate in English-speaking classrooms.

Civil Rights

The authors of the Constitution would probably be shocked to see all the Americans who have been granted civil rights protections. When the Constitution was written, only white male property owners were protected by the Bill of Rights and given the right to vote. Slavery was legal, and neither slaves nor women could vote.

During the next 140 years, the government abolished slavery, extended voting rights to nonlandowners, blacks, and women, and lowered the voting age to eighteen. By the 1960s and 1970s, federal lawmakers outlawed discrimination based on race or sex and passed laws to protect the rights of minorities and women. Soon, other groups in American society began to demand—and win—their rights. The elderly are now protected by legislation outlawing age discrimination, and the handicapped are guaranteed access to most public buildings.

Although the United States has made great progress toward protecting civil rights, some Americans say the government has not yet done enough. Civil rights advocates argue that minorities still suffer more from poverty, poor education, and unemployment than other Americans. These advocates favor strong laws and strict enforcement to achieve new protections and to guarantee rights that have been won.

However, critics of civil rights legislation argue that the government has gone too far. They contend that some gains have been achieved at the expense of other people. Such critics believe that programs to reverse past discrimination may actually cause discrimination. No one, they say, should be discriminated against to redress past wrongs.

Key Questions

- Should affirmative action regulations be eased?
- Should the government support comparable worth?
- Should employers test workers for drug use?
- Should abortion be legal?

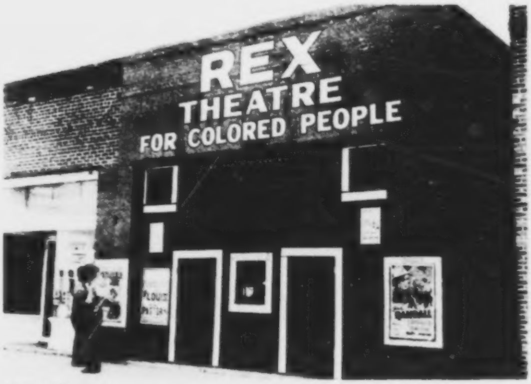
Background

Discrimination in America

Race Discrimination. After the Civil War, three constitutional amendments gave former slaves the full rights of citizenship: the Thirteenth Amendment, which abolished slavery; the Fourteenth Amendment, which guaranteed civil rights; and the Fifteenth Amendment, which granted black males the right to vote. However, racial prejudice could not be legislated away so easily. After postwar Reconstruction, southern leaders implemented "Jim Crow" laws, which segregated public facilities by race. These laws affected restaurants, theaters, schools, and even water fountains. The 1896 Supreme Court decision *Plessy* v. *Ferguson* upheld Jim Crow laws, saying that segregation was legal as long as "separate but equal" facilities were provided.

In 1948, President Harry Truman proposed several civil rights reforms. He ordered the military to desegregate its units. Truman also proposed bills to protect everyone's right to vote, to prohibit lynching, and to end discrimination on interstate transportation facilities such as trains.

The Fourteenth Amendment to the Constitution, ratified in 1868, guaranteed former slaves their civil rights. But the United States remained a nation divided by race for nearly 100 years. It wasn't until passage of the Civil Rights Act of 1964 that segregation laws were finally repealed.



Library of Congress

However, powerful members of Congress from southern states blocked all attempts at reform.

***Brown* v. *Board of Education of Topeka*.** This 1954 Supreme Court decision essentially started the modern civil rights movement. The Supreme Court unanimously ruled that maintaining separate schools for blacks and whites is unconstitutional because separate schools cannot offer equal educational opportunities. The Court ordered schools to desegregate "with all deliberate speed." Subsequent Court decisions ordered desegregation in northern communities where school district boundary lines were drawn between black and white neighborhoods, thus creating segregation. Many judges ordered school districts to redraw the lines and bus children to distant schools, if necessary, to achieve integration.

Civil Rights Act of 1957. The Civil Rights Act of 1957 was the first attempt since Reconstruction to institute comprehensive civil rights legislation. This act made it illegal for people to prevent others from voting in federal elections. It also created the U.S. Civil Rights Commission—an independent government advisory panel—and the Civil Rights Division of the Department of Justice. However, the act did not include effective enforcement provisions.

Twenty-fourth Amendment. In 1962, Congress passed a constitutional amendment barring the use of a *poll tax* (a tax often used to prevent poor blacks from voting) or any other tax in federal elections. The amendment was ratified in 1964. A 1966 Supreme Court ruling extended the amendment to state and local elections as well.

Civil Rights Act of 1964. The Civil Rights Act of 1964 prohibited discrimination in public accommodations such as restaurants and hotels and in

UPI/Bettmann Newsphotos

"I have a dream that one day this nation will rise up and live out the true meaning of its creed: 'We hold these truths to be self-evident; that all men are created equal....'" Civil rights leader Martin Luther King, Jr., speaking at the foot of the Lincoln Memorial in August 1963.

programs receiving federal aid. This landmark legislation also prohibited job discrimination by employers and unions, established the Equal Employment Opportunity Commission, and strengthened enforcement of voting and desegregation laws.

Voting Rights Act. Passed in 1965, the Voting Rights Act aimed to eliminate local laws and practices that prevented blacks and other minorities from voting. It forbade literacy tests for voters, poll taxes, and intimidation of voters in any state. In communities with a history of discrimination, federal officials ensure that proper voter registration and election procedures are followed. These communities must clear (or "preclear") with federal officials any changes in election laws and prove that such changes will not discriminate against minorities. This *preclearance* requirement covers the drawing of new voting districts after census years. Nine states—Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas, and Virginia—and portions of thirteen other states (including the New York City boroughs of Brooklyn, Manhattan, and the Bronx) must meet the requirements.

Protection from Discrimination in Housing. In 1968, Congress extended civil rights protection to prevent discrimination in the sale or rental of some 80 percent of the nation's housing (housing not covered includes property sold without the help of a real estate agent). The legislation also prohibited discriminatory references in real estate advertisements. Victims of housing discrimination can file complaints with the Department of Housing and Urban Development or take their cases to court. Many experts say that this law is difficult to enforce and that people continue to live in areas based on their race and income.

Recent Civil Rights Legislation. In 1982, Congress renewed the authority of the Voting Rights Act for another twenty-five years. Reacting to a report by the Civil Rights Commission that harassment and intimidation of minority voters were continuing in many states, Congress kept the preclearance provisions. However, jurisdictions that maintain a clean voting rights record for ten years can become exempt from preclearance. Congress also added a provision requiring certain areas to provide bilingual election materials. In 1988, Congress passed the Civil Rights Restoration Act. This law prevents institutions that receive government money from discriminating on the basis of sex, race, age, or disability. Earlier legislation had prohibited schools, governments, private organizations, and corporations from discriminating only in programs that received federal funds. The 1988 act extends civil rights protections to all programs run by such institutions, even if only one program receives government aid.

Discrimination on the Basis of Sex. In the 1960s and early 1970s, women began mobilizing support against sex discrimination. Inspired by the civil rights movement, women pressed for greater access to jobs, more political influence, and an end to

FOR WOMEN
GRIMAGE
ADO
AS

UPI/Bettmann Newsphotos

Suffragettes marching on Washington, D.C., in 1913. Although the effort to enfranchise women began in the mid-1800s, it was not until the Nineteenth Amendment was ratified in 1920 that women were finally given the right to vote in all elections.

the condescending manner in which women were often treated. The women's movement continues today, but its roots stretch back more than 140 years.

Suffrage Movement. Elizabeth Cady Stanton and Susan B. Anthony led the movement to get the vote for women. In the mid-1800s, they and other early suffragists were involved in the movement to abolish slavery and helped win the fight for the Fifteenth Amendment, which ensured the right to vote of all men regardless of race. The suffragists tried to include women in the amendment, but their efforts were blocked by members of Congress who feared that a provision giving women the vote would cause the entire amendment to fail.

Despite this setback, the suffrage movement continued, and by 1912 women had won the right to vote in nine western states. In 1916, the National Women's Party organized support for a national suffrage amendment, and finally on August 16, 1920, the Nineteenth Amendment was ratified, giving women the right to vote in all state and national elections.

Laws Against Sex Discrimination. The 1960s and 1970s were years of great progress for women's rights. In 1963, Congress adopted the Equal Pay Act, which guaranteed equal pay for equal work. The 1964 Civil Rights Act also included prohibitions against job discrimination based on sex. In the early 1970s, the Supreme Court applied the Fifth Amendment's due process clause and the Fourteenth Amendment's equal protection clause to strike down laws that discriminated against women. In 1972, Congress barred gender-based discrimination in all education programs receiving federal support. And in 1978, Congress amended the Civil Rights Act to prohibit job discrimination against pregnant women.

Although in the 1960s and 1970s women made progress in achieving equal rights, many believed they still suffered from discrimination. Some women's groups believed that only a constitutional amendment could correct inequalities that still remained.

Equal Rights Amendment (ERA). In 1971, Congress passed an amendment to the Constitution that supporters believed would guarantee equal rights for women. The proposed amendment stated: "Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex." When the 1982 deadline for ratification passed, the controversial

National Education Association/Joe Di Dio

Should a woman earn as much as a man for doing the same job? The Equal Pay Act of 1963 guarantees "equal pay for equal work," but many women say they are still discriminated against.

amendment was not added to the Constitution because it lacked the approval of only a few more states. The Equal Rights Amendment was reintroduced in Congress in 1985, but the action was considered largely symbolic because opposition to the ERA remains strong.

***Roe* v. *Wade*.** Abortion is one of the nation's most controversial civil rights issues. In its 1973 landmark decision of *Roe* v. *Wade*, the Supreme Court ruled that a woman has a constitutional right to an abortion. The ruling struck down state laws forbidding abortion during the first three months of pregnancy. The Court's decision gave rise to an anti-abortion movement that called for the states and the Supreme Court to reverse *Roe* v. *Wade*. Today, more than half the states have responded to anti-abortion pressure and now restrict abortion by requiring minors to notify or get permission from their parents before having an abortion. Other states have passed laws limiting state funding for abortions. In 1989, the Supreme Court agreed to hear a case challenging a Missouri abortion law. Some observers believe the Court's ruling in this case might affect the *Roe* v. *Wade* decision.

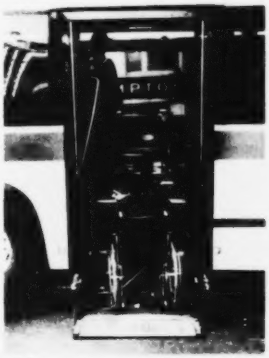
Age Discrimination. Traditionally, retirement at age sixty-five or seventy has been expected; some consider it a right. Employers have justified giving job preference to younger workers as wanting

McDonald's

The Age Discrimination Act—signed into law in 1986—forbids most employers from establishing a mandatory retirement age. Many older Americans have re-entered the workforce, finding new careers.

to bring "new blood" into the office. But civil rights advocates say that being denied work or forced out of a job because of one's age is little different than being denied employment because of race or sex.

The Age Discrimination Act of 1967 barred discrimination against people between the ages of forty and sixty-five. In 1978, Congress amended the law to protect people up to age seventy. Despite these laws, people in certain occupations—such as airline pilots, school bus drivers, and police officers—can still be forced to retire early. Activists for the rights of the elderly fought to narrow the list of occupations requiring early retirement and to bar mandatory retirement in most other fields. In 1986, President Ronald Reagan signed into law an amendment to the Age Discrimination Act that forbids most employers from establishing a mandatory retirement age. The new law extends the careers of more than 1.1 million workers aged seventy and over and saves the government more than $25 million annually in social security and Medicare payments.



UPI/Bettmann Newsphotos

In the last twenty years, rights denied to physically and emotionally handicapped persons have become a major issue. Interest groups have lobbied local, state, and federal governments for equal access to education, jobs, public buildings, and mass transportation for handicapped individuals.

Discrimination Against the Handicapped. For years, society viewed disabled persons as helpless individuals—objects of fear, pity, and charity—with little to offer. As a result, handicapped people have had to fight social and physical barriers to achieve relative equality. For example, bright young people who were deaf, blind, or unable to walk were segregated in special schools and denied college educations. Most schools were not equipped to teach the disabled. Without adequate education, disabled people often had to settle for unskilled jobs with low pay. The Rehabilitation Act of 1973 outlawed some barriers to equal education and job opportunities for the handicapped. The law prohibited employers who receive federal aid or who work on government contracts from refusing to hire handicapped persons. The act also required that public schools guarantee education to handicapped children and that colleges make buildings accessible to the blind and those unable to walk.

Current Issues

Affirmative Action. In the late 1960s, the concept of affirmative action grew out of court attempts to make up for years of racial and sexual discrimination. The courts ordered employers who receive federal money to give preference to women and minorities in hiring and promoting. The goal of affirmative action was to match the sexual and racial composition of the workplace with that of society as a whole.

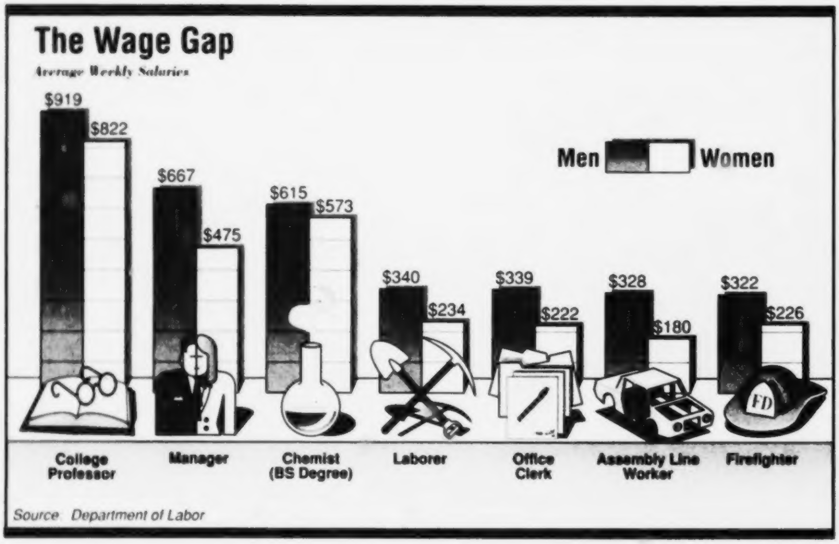
Supporters of affirmative action believe that these laws have been an effective tool for correcting bias in job hiring. The Department of Labor has found that minority employment increases at a higher rate in companies that are required to meet federal affirmative action rules than in companies not covered by the requirements.

Critics of affirmative action argue that it forces employers to consider sex and race above other qualifications when hiring. The result, they say, is "reverse discrimination" against white males. Critics contend that quotas are not fair and that hiring goals should merely be targets and should not be mandatory.

Handicapped Workers

According to the Census Bureau, 58.5 percent of working-age disabled men and 76.2 percent of working-age disabled women are not in the labor force. Approximately 6 million disabled people—one-sixth of the total—subsist largely on social security and disability insurance.

Comparable Worth. The Equal Pay Act of 1963 guarantees "equal pay for equal work," regardless of sex or race. But many women believe that they are still discriminated against in the job market. They claim that jobs filled mainly by women pay less than comparable jobs held by men. They point out that the average salary for a woman is less than three-fourths of the average salary for a man.



Source: Department of Labor

According to recent studies, women in the workplace are paid about 70 cents for every $1 paid to men. Some state legislatures have passed laws designed to narrow the wage gap between men and women.

Many civil rights advocates believe that salaries for jobs held mainly by women should be raised to the level of men's salaries for jobs that require comparable effort, skill, experience, education, and responsibility—that is, equal pay for work of comparable value. For example, secretarial workers—mostly women—earn an average weekly salary of $301, while truck drivers—mostly men—earn an average weekly salary of $387. Supporters of comparable worth say that although their work is different, secretaries and truck drivers should earn the same because both jobs require a comparable amount of skill and experience.

Supporters of comparable worth say that it would remove sex bias in wages. They say that comparable worth standards could first be applied to local, state, and federal government employees through a job rating system and then encouraged in the private sector. The system would assign points for each job based on the skills and experience required. Advocates say that such a system would help overcome differences in wages caused by tradition, male-dominated unions, and employer preferences in selecting men for high paying jobs.

Critics of comparable worth argue that wage differences are not due to discrimination but are merely the result of free-market forces such as competition and the laws of supply and demand. They believe that women generally earn less than men because they do not have the same amount of education or experience. Critics of comparable worth point out that women are gradually moving into higher-paying jobs and that the wage gap is narrowing. They add that determination of comparable worth is subjective, impossible to enforce, and costly to implement.

Despite the opposition, by 1988 forty-six states had taken some action on comparable worth, ranging from job evaluation studies to adjustment of pay scales.

CHOOSE LIFE
STOP
POLICE

AP/Wide World Photos

In 1973, the Supreme Court ruled that a woman's right to an abortion was guaranteed by the U.S. Constitution. Since then, abortion has become an emotionally charged issue with battle lines drawn between those who want the decision overturned and those who believe the Court's decision was correct and should not be changed.

Abortion. The 1973 Supreme Court decision legalizing abortion did not stop the abortion debate in the United States. State abortion laws have often been challenged in the courts. In 1989, the Supreme Court agreed to reconsider its decision in *Roe* v. *Wade* and heard a case challenging an abortion law in Missouri.

Opponents of abortion say that the legal reasoning behind the Supreme Court's ruling in *Roe* v. *Wade* is flawed. Abortion opponents believe that human life begins before birth and that abortion is, therefore, a form of murder. They claim that the Supreme Court gave women the legal right to commit murder and believe *Roe* v. *Wade* must be overturned. Opponents also claim that abortion has led to sexual promiscuity in American society—especially among teenagers, some of whom view it as an acceptable means of birth control.

Proponents of legalized abortion say that in a free society the government should not limit a woman's right to decide to terminate a pregnancy. That decision is private and the government has no business interfering. Supporters point out that medical experts do not agree on when life begins and thus abortion cannot be considered murder. They also claim that legalized abortion protects a woman's health by allowing her to have a safe abortion performed by a qualified physician.

Privacy in the Workplace. As part of the "war on drugs" the government recently required all federal employees to submit to random drug testing. Dozens of unions and workers' groups have filed lawsuits against the government's drug testing programs, and some have won their cases in court. Nevertheless, federal officials hope that private businesses will follow the government's lead and adopt similar measures. Currently, 48 percent of the nation's major corporations—including IBM, General Electric, and United Airlines—require job applicants to submit to drug testing as part of the hiring process. A recent study of corporate executives indicates that another 20 percent are considering similar policies. Proponents of drug testing claim that drug abuse decreases worker productivity and increases absenteeism, costing companies millions of dollars every year. In addition, supporters claim that society cannot tolerate drug abuse in some occupational areas—such as people who work in public transportation or nuclear power. Proponents of drug testing claim that the danger to society is too great to continue giving individuals the freedom to abuse drugs.

However, drug testing raises serious questions about the right of employers to control the private behavior of workers. Many civil liberties groups view random drug testing as a violation of the Fourth Amendment, which prohibits unreasonable search and seizure. They say that a worker has an inalienable right to privacy and should be free from unwarranted harassment. In addition, opponents claim that drug tests are often inaccu-

Big Brother Is Watching You

Drug testing is just one way that employers are monitoring their employees' behavior. Computers and electronics make monitoring easier and less costly. Key cards, which workers use to check in and out of various work stations, tell an employer how much time a worker spends in the parking lot, on a coffee break, and even in the restroom.

rate. They point out that some foods and medicines may distort the results and could jeopardize the careers of innocent workers.

Outlook

During the past decade, the United States has made progress in the area of civil rights, but President George Bush says there is still work to be done. He says that Americans should not "allow any segment of our society to enjoy privileges not available to all." President Bush supports affirmative action programs to remedy past discrimination against minorities and women. Although he does not support an equal rights amendment, he says he will not be satisfied until all states eliminate laws that discriminate against women and until women earn the same pay for doing the same job as men. The president has also pledged to support employment programs for handicapped Americans and drug testing programs by private companies. He has pledged to achieve these goals by strictly enforcing civil rights laws and by encouraging businesses to adopt fair hiring and pay policies for minority, female, and handicapped workers.

The Debate Civil Rights

Should Affirmative Action Regulations Be Eased?

PRO

"Affirmative action" is just another term for "quotas." Years ago, quotas were used to prevent qualified minorities from getting jobs. Using quotas now to help minorities and women is no less discriminatory. Employers should be able to hire the best employee for the job, regardless of race or sex.

CON

Affirmative action programs compensate for past and present job discrimination. They ensure that qualified workers do not lose out solely because of their sex or race. Killing affirmative action programs would give employers an excuse to return to the discriminatory hiring practices of the past.

Should the Government Support Comparable Worth?

PRO

Despite the Equal Pay Act of 1963, women's salaries on the average are only three-fourths those of men. Salaries should be based on the skills, responsibilities, and experience necessary to do the job—not on whether the job traditionally has been filled by a man or a woman. Comparable worth legislation would correct this wage imbalance by raising salaries in occupations dominated by women to match those in occupations filled mainly by men.

CON

Discrimination itself did not cause the salary differences between men and women. Until recently, women have not had the education or experience to qualify for high paying jobs. As more women stay in school and gain valuable work experience, they will move into higher-paying jobs and the wage gap will shrink. Government intervention in the marketplace is not a wise step.

Should Employers Test Workers for Drug Use?

PRO

Every year millions of dollars are lost because of drug use. Drugs decrease productivity and increase absenteeism. And drug abuse among workers such as airline pilots or truck drivers could cost the lives of innocent people. Employers have a right to expect their employees to be alert. Employers should be able to guarantee the ability of their workers to perform effectively.

CON

Drug testing is an intrusion into a person's private life. The Fourth Amendment protects a person's right to privacy. Random drug testing violates this right. Moreover, it has been proved that drug tests can be unreliable. Some foods and medicines may show up as illegal drugs in the tests. Innocent people could lose their jobs—and suffer the rest of their lives—because of such a mistake.

The Debate, Civil Rights

Continued

Should Abortion Be Legal?

PRO

No one has determined once and for all when human life begins. Thus, abortion is not murder. In a free society, a woman has a right to choose whether or not to terminate a pregnancy without interference from the government. Also, legalized abortions protect the health of women by allowing competent doctors to perform them using safe medical procedures in sanitary conditions.

CON

Human life begins before birth. Ending a pregnancy by abortion is the same as committing murder. Too many people view abortion as an acceptable means of birth control. This attitude has led to increased sexual promiscuity. It is up to the federal government to make abortion illegal and to enforce a deeper respect for human life in the United States.

Social Programs

For more than 150 years, America's poor and elderly had relied on family, friends, and charitable organizations to care for them. However, when unemployment and poverty affected millions of Americans in the Great Depression of the 1930s, President Franklin D. Roosevelt introduced new, radical programs to help the unemployed, the poor, and the elderly. His New Deal legislation creating unemployment insurance, social security, and job programs changed the role of government forever.

During the next fifty years, social programs mushroomed. Today the federal government helps the poor by supplementing their incomes, providing medical care, subsidizing rent, paying for heating and air conditioning, issuing coupons for free food, and helping them find jobs. The social security program continues to provide funds to Americans who are retired, disabled, or unemployed, and to their families and survivors.

Some taxpayers and lawmakers question whether the federal government, faced with a large budget deficit, should continue to support social programs at their current levels. In recent years, Congress has reduced funding and tightened requirements for social programs in an effort to balance the budget. Some members of Congress believe that social programs have been cut enough, but President George Bush wants to continue to reduce spending in some programs. The president will be challenged to adequately maintain social programs for the truly needy without adding to the federal budget deficit.

Key Questions

- Does the government provide enough aid for the needy?
- Should social security benefits be frozen?
- Should the government provide child care?

Background

Helping Those in Need

Roosevelt's New Deal. When elected in 1932, President Franklin Roosevelt introduced his New Deal program to overcome the effects of the Great Depression and to protect against future economic failures. Roosevelt believed that the government had a special obligation to help the unemployed, the poor, and the elderly. The New Deal stressed jobs and social insurance rather than straight relief. Programs such as the Works Progress Administration (WPA) and social security initiated America's social welfare system. The WPA commissioned people to build bridges and roads, write books and plays, paint murals and buildings, and pursue other useful activities. This program reflected President Roosevelt's belief that payment should depend on work. The Social Security Act provided insurance for the unemployed and the retired, and public assistance for the elderly, the blind, and children in homes without wage earners. (Disabled people were granted social security benefits in 1956.)

The White House

After a landslide victory in 1964, President Lyndon Johnson told the nation, "We are in the midst of the greatest upward surge of economic well-being in the history of any nation. But we are only at the beginning of the road to the Great Society." Responding to Johnson's Great Society speech, Congress passed legislation creating many social programs, including Medicare, food stamps, and public housing.

Lyndon Johnson's Great Society. During the 1960s, President Lyndon Johnson presided over significant social legislation—the enactment of a major civil rights law, the introduction of Medicare and Medicaid, and the creation of programs designed to eliminate poverty—which became known as the Great Society programs. Johnson declared that no society could be great with poverty in its midst. He waged a full-scale assault against poverty by designing programs to move poor people up the economic ladder through vocational education and job training. The Economic Opportunity Act of 1964 created rehabilitation services, preschool education programs, training and jobs programs for the young, and retraining programs for the unemployed.

President Johnson also increased federal social spending to provide the elderly with health care, and the poor with food, clothing, and housing. These measures, known as entitlement programs, were open-ended and usually received increased funding every year.

Most social programs, including social security, are entitlement programs. Because everyone who qualifies for a program is entitled to receive benefits, entitlement programs theoretically have no budgetary ceiling and are therefore difficult to plan or cut. The only way to cut entitlement programs is to restrict eligibility or to reduce the amount of benefits each person receives. For example, many programs guarantee an annual cost-of-living adjustment (COLA), which provides recipients with yearly increases based on the rate of inflation. One way for the government to save money is to keep the cost-of-living increase below the rate of inflation. The disadvantage to reduced COLAs is that Americans dependent on the programs cannot keep up with inflation.

Social Security

According to the Social Security Administration, in 1990 more than 40 million Americans will receive about $500 million in social security benefits. By 2045, more than 80 million people will receive payouts totaling $8 billion. And under current spending plans, by 2048, social security funds will run out.

Reagan and Social Spending. The open-ended growth of entitlement programs during the 1960s and 1970s led President Ronald Reagan to say that domestic spending was running out of control. To correct the problem and to promote economic growth, Reagan asked Congress to reduce taxes and to cut federal social spending, especially for Medicare, Medicaid, Aid to Families with Dependent Children, food stamps, and school lunch programs. Despite the budget cuts, most experts believe that the core of the New Deal and Great Society programs—social security, Medicare, and Medicaid—remains intact.

Entitlement Programs Today

Aid to Families with Dependent Children (AFDC). Created in 1935, AFDC is the program most often associated with the term "welfare," but it is only one of several welfare programs. AFDC payments go to low-income families with children under eighteen in which one or both parents are dead, incapacitated, absent, or unemployed. In practice, most payments go to single mothers. The federal government shares the costs of administering the AFDC program with the states.

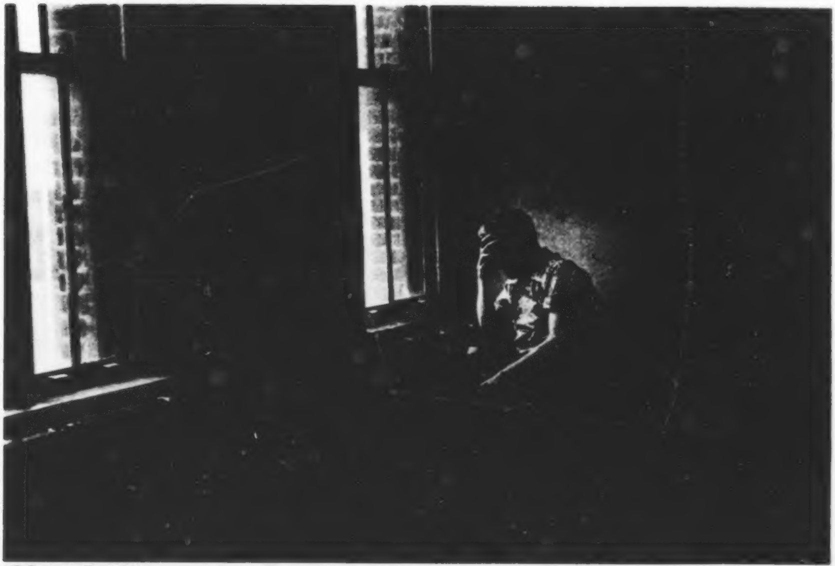
Long criticized as an inefficient and ineffective program, AFDC has recently undergone some changes. Reforms state that:

- States must enroll 7 percent of all welfare mothers whose youngest children are more than three years old in education, training, work-experience, or job search programs. By 1990, 20 percent must be enrolled.
- Workers who find jobs and stop receiving AFDC benefits are now eligible for subsidized day care and Medicaid for one year.
- Absentee fathers who work and whose children receive welfare must make child support payments.
- Families with both parents living at home are now eligible for AFDC payments.
- One parent in two-parent welfare families must perform sixteen hours per week of free community service.

Homeless in America

The large number of homeless people is a major problem for many U.S. cities. However, there is no agreement on the exact number of homeless. The Urban Institute estimates that between 567,000 and 600,000 homeless people live in the United States. But in 1984, the Department of Housing and Urban Development (HUD) concluded the number was 254,000. And the National Alliance to End Homelessness estimates that about 735,000 homeless people live in America.

Food Stamps. The federal food stamp program was instituted in 1964 under the auspices of the Department of Agriculture to ensure that poor people would have enough to eat. Instead of providing money, the food stamp program supplies coupons, or vouchers, redeemable for food only. In 1988, the food stamp program benefited about 18 million Americans.



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The government meets the needs of the elderly through Medicare and social security programs. The elderly now pay more for their medical care than they did a decade ago, and some members of Congress have suggested reducing social security benefits to help cut the federal budget deficit. Some older Americans wonder how they will continue to pay their bills if social security benefits are reduced.

Medicaid and Medicare. Medicaid, established in 1965 as part of the Great Society, provides the poor with free ~~or subsidized~~ medical care. Medicaid payments, which are funded jointly by the federal government and the state governments, total more than $47 billion and reach 22 million Americans.

Medicare, also instituted in 1965, pays benefits to approximately 33 million people. In 1988, Medicare benefits totaled $97 billion.

Supplementary Security Income (SSI). This program, created in 1974, provides cash benefits for the blind, the disabled, the elderly, and others with special needs and low incomes. In 1987, 4.5 million people received SSI benefits, at a total cost of about $10 billion.

Low-Income Energy Assistance. This program, instituted in 1980, provides funds to help the poor pay their fuel bills for heating (in northern states) and air conditioning (in the Sun Belt). It was one

MICHIGAN
UNEMPLOYMENT
CHECKS
CASHED
HERE
TULSA

UPI/Bettmann Newsphotos

Congress established unemployment insurance as part of the original Social Security Act in 1935. Workers who are temporarily unemployed and looking for jobs are eligible for benefits. The Office of Management and Budget estimates that in 1989, 2 million workers will receive $16.4 billion in unemployment insurance payments.

of the programs most severely affected by the budget cuts of the 1980s.

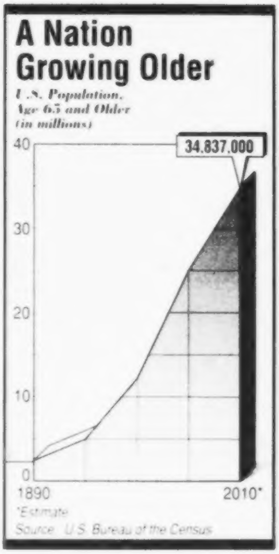
Public Housing. Established in 1965, the Department of Housing and Urban Development (HUD) builds low-cost public housing, provides assistance to private companies that build low-cost housing, and subsidizes rent for people who need help paying their rent.

Social Security. Formally named Old Age, Survivors, and Disability Insurance (OASDI), social security is by far the largest social program. Created in 1935 by the Social Security Act, social security is a self-perpetuating trust fund with its own income. Every working person in America—except railway and government employees, who have their own plans, and special types of workers who are not employed regularly—pays social security taxes. Social security is financed by equal employer and employee contributions. The system pays old-age and survivor benefits to retired workers and their dependents, or to survivors of employees who have died. The amount recipients receive is based on their average monthly earnings over a number of years.

In 1983, social security faced bankruptcy because of automatic cost-of-living adjustments (COLAs). During the 1970s, inflation rose dramatically, and COLAs outstripped the total amount brought in by the taxes that financed social security. Faced with a shortage of funds, Congress passed a plan to refinance the system. Without the changes, the social security system would have run out of money by the middle of 1983.

To prevent bankruptcy, Congress voted to (1) increase the payroll taxes paid by employers, employees, and self-employed individuals; (2) require new federal workers to pay social security taxes; and (3) tax the social security benefits of high-income retirees. Savings will be made by reducing benefits and by gradually increasing the age at which one becomes eligible for benefits, from 65 to 67 years, by the year 2027.

In 1988, social security provided funds to 38.5 million retired and disabled people or their survivors at an estimated cost of more than $200 billion. The fiscal year 1990 budget allocates $247 billion for social security payments.

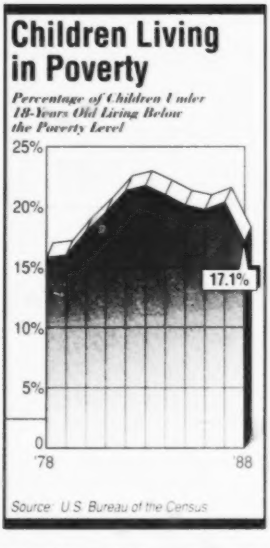


As the nation grows older, the number of people receiving social security benefits will increase. By the year 2020, it is estimated that 17.3 percent of all Americans will be sixty-five years of age or older.

Current Issues

Can the Government Afford Social Programs? Since the 1930s, the federal government has funded programs that provide for the health, education, and financial security of many needy Americans. But in the early 1980s, some members of Congress advocated shifting the responsibility of caring for the nation's needy to state and local governments. To this end, federal social programs were trimmed. The most notable cuts occurred in programs for the poor, including low-income energy assistance and subsidized housing. But for the most part, social programs remain in place. However, today many policymakers question the ability of the government to provide assistance to every needy citizen and every social program. With a huge budget deficit and the reluctance of most lawmakers to raise taxes, many experts wonder how the federal government can continue to pay for social programs.

Nevertheless, within the constraints of the budget, both the president and Congress must deal with the problems of poverty in the United States. More than 32.5 million Americans—13 percent of the population—live in poverty. (The Census Bureau sets the poverty level at $11,611 for a family of four.) Approximately 11 percent of all whites live in poverty. And the numbers are higher for blacks and Hispanics. More than 31 percent of all blacks in the United States are impoverished, and 27 percent of all Hispanics live below the poverty line. Children make up 40 percent of all those in poverty. In 1988, 17.1 percent of all children under the age of 18 lived below the poverty line. Some experts believe that budget cuts for social programs hamper the chance of poor children to break out of the cycle of poverty.



The Census Bureau reports that 17.1 percent of all American children less than 18 years of age live in poverty. Research shows that an estimated 7 million children have no health insurance, and 100,000 children are homeless.

Social Security. Social security is a popular program that has traditionally been spared reductions in spending because of its success in helping both the elderly and the disabled meet their financial needs. Both Republicans and Democrats strongly support the system, and those receiving social security benefits have a great deal of political influence.

But social security is no longer immune to budget cuts. The federal budget deficit is so large that no government program is safe from congressional scrutiny. One widely discussed plan is to freeze, or delay, cost-of-living adjustments.

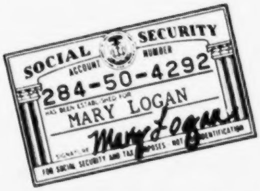
A two-year freeze would save $860 billion between 1990 and 2015. But some members of Congress are unwilling to consider freezing social security benefits because COLAs are necessary to guard recipients against inflation. They say that a freeze would push half a million older Americans below the poverty line and would strain the budgets of the 65 percent of the elderly who rely on social security as their main source of income. They also point out that benefits were cut in 1983 and that any new reductions would break the 1983 refinancing agreement.

Others in Congress are beginning to take the opposite view. They say that in order to balance the budget, everyone—including social security recipients—will have to make sacrifices. These senators and representatives point out that government employees and military retirees have had their cost-of-living increases frozen recently. They claim it is unfair to freeze benefits for some groups but not for others.

Many young people are also dissatisfied with the present social security system. They say that too much money is being paid out now, and they resent the high social security taxes they must pay. Younger workers fear that the fund may be used up by the time they retire, so they will never see the money they paid into social security. The elderly respond by saying that they are entitled to their benefits. They paid into the system throughout their working careers and are now receiving their just rewards.

Child Care. In the 1980s, some members of Congress proposed a new federal program to subsidize child care for working parents. Such a program would provide vouchers for parents to purchase child care services from licensed day-care providers.

Proponents of subsidized child care say that single mothers and low-income working parents



Social Security Card

The first social security cards, issued in 1935, were used solely to identify a person's private account number with the Social Security Administration. Since then, social security numbers have become part of a national identification system. Today, social security numbers are used for driver's licenses, student identification cards, hospital records, marriage certificates, and loan applications.

cannot afford to pay for child care. They say that subsidized child care would help mothers who want to work but have no one to care for their children during the day. Subsidized child care would allow such parents both to pay for child care and to support their families, thereby eliminating the need for government assistance programs. In addition, parents would know that the licensed care centers met safety requirements, employed qualified staff, and promoted early learning.

Critics of subsidized child care argue that only 10 percent of American families send their children to licensed child care centers. They point out that many children, especially those from low-income families, would not benefit from a federal program because they receive care either from family and friends or in private and church-based programs. Some policymakers say subsidized child care is an expensive program that the government cannot afford right now. Others, including President Bush, favor giving low-income families a $1,000 tax credit for each child under four. This money could then be used to pay for child care.

Veterans Benefits

The federal government provides many social programs for American veterans and their families through the newly created Department of Veterans Affairs. These programs include compensation payments for disabilities or death related to military service, pensions based on financial need for totally disabled veterans, funds for education and job training, rehabilitation aid, home loan guarantees, burial assistance, and medical care. One-third of the U.S. population is eligible for some form of veterans' benefits.

Outlook

Today's debate about social programs is over how the government will pay for these programs in the future. Medicare and Medicaid payments are increasing as health care costs continue to climb. The government is forced to pay more in social security benefits because of the ever-increasing number of retirees. In addition, the president and Congress are proposing new programs, such as child care. In the future, new programs will face tough fiscal scrutiny as the government tries to reduce the budget deficit. The challenge will be to cap spending for social programs and still meet the needs of America's poor.

The Debate Social Programs

Does the Government Provide Enough Aid for the Needy?

PRO

The government provides aid for those who truly need it—the disabled, the elderly, and the ill. Recent welfare reforms are placing poor people in education and work programs that allow them to get jobs, rise above the poverty level, and provide for their families without government assistance.

CON

Congress has reduced benefits and tightened eligibility requirements for many social programs, making it more difficult for the needy to get government help. Thirteen percent of the U.S. population lives in poverty. The United States is the richest country in the world; therefore, we can afford to help the needy and have a moral obligation to do so.

Should Social Security Benefits Be Frozen?

PRO

Every federal program, including social security, must be streamlined to help reduce the budget deficit. A social security freeze would not cut benefits; it would merely delay cost-of-living increases. Experts predict that a two-year freeze could save $860 billion by 2015—a significant start on reducing the debt—and lead to a healthy economy that would serve the elderly and disabled better than increased social security payments.

CON

A "freeze" is another name for a cut in social security benefits. Denying COLA increases to the elderly and disabled leaves them with less money than they had the year before. Half a million people will be pushed below the poverty line, and many more will face severe financial strain. Social security is not funded through general tax revenues. Budget cutters should look at other programs, particularly defense, if they want to slash spending.

Should the Government Provide Child Care?

PRO

Some parents—especially single mothers—do not have jobs because they have no one to watch their children. Subsidized child care would allow such parents to work and would give welfare recipients the opportunity to leave government assistance programs. Government-licensed child care centers would provide a safe environment, qualified staff, and valuable early learning experiences for children.

CON

Most parents choose not to send their children to licensed child care facilities. Instead, they use private or church-based child care centers or leave their children in the care of family or friends. Subsidized child care would not benefit these parents and would be another expensive government program that the country cannot afford. It is time to reduce government spending for social programs.

Health Care

Americans spend more on health care than do people in nearly every other nation. Each year, the doctor bill in the United States totals more than $550 billion. Who pays this huge bill?

Presently, federal, state, and local governments pay nearly 45 percent of all health care costs. Most of this money is used for Medicaid and Medicare—programs that provide health care for the poor and elderly.

Private insurance companies pay 31 percent of the national health care bill. They offer policies to the elderly to pay the costs that Medicare does not cover. In addition, many employers pay for private health insurance for their workers.

The remainder of the health care bill—$132 billion each year—is the responsibility of the 37 million Americans who have no health insurance at all. Nearly two-thirds of them are forced to pay for health care out of their own pockets because their employers do not offer health insurance.

Most experts predict that health care costs will increase in the next decade. They say that as the population ages, Americans will need more medical treatment. Some analysts believe that by the year 2000, the annual health care bill in the United States will soar to more than $1.5 trillion.

Most members of Congress agree that all Americans are entitled to adequate health care. The debate is over who should pay. Some lawmakers say that the federal government should do more and provide health insurance for everyone. But others claim that such a plan would be too expensive for an already debt-ridden federal government. As the debate continues, health care costs rise and many people wonder: How are we going to pay the doctor's bill?

Key Questions

- Should the United States adopt national health insurance?
- Would more competition lower health care costs?
- Should there be AIDS education in schools?

Background

The Push for National Health Insurance. Millions of Americans, particularly the poor, the disabled, the unemployed, and the elderly, do not receive adequate health care. Many cannot afford private medical insurance and do not qualify for government programs such as Medicare and Medicaid. Even some who have insurance discover that they cannot afford the *deductible* (the amount of money patients must pay before their insurance coverage begins), so they do not seek medical treatment. And without treatment, their health often deteriorates. Many people believe that the government should ensure that everyone receives adequate health care. But others say that health care is a private responsibility. The debate over government-financed health care has been going on for more than seventy years.

During the first half of the century, many Americans had difficulty finding adequate, affordable health care. In 1912, former President Theodore Roosevelt recommended that national health insurance be provided for all Americans. In 1935, President Franklin Roosevelt considered making national health insurance a part of social security—his new program to provide monetary assistance to the elderly. Roosevelt later dropped this idea because he was afraid that a health insurance plan might hurt the chances for congressional approval of a social security act. National health insurance did not become an issue again until after World War II. President Harry Truman believed that "financial means should not determine the quality and quantity of medical services a citizen receives." He advocated passage of a comprehensive federal insurance program, but Congress blocked his effort.

After Truman's plan for comprehensive health insurance had failed, he decided to pursue national

U.S. Army/Courtesy Harry S. Truman Library

In the early 1950s, President Harry Truman led the effort to establish national health insurance for all Americans. Truman believed that good medical care was a right of all citizens.

insurance in stages. In 1952, he introduced a plan that would have provided health care only for the elderly. But when Dwight Eisenhower became president in 1953, the proposal was dropped. In 1958, interest in health insurance for the elderly was renewed, and an intense seven-year debate over national health care began.

Health Care and the Great Society. During the mid-1960s, President Lyndon Johnson introduced civil rights and social programs designed to eliminate poverty and to help bring economic equality to all Americans. The capstone of Johnson's Great Society was the introduction of government-financed health care—*Medicare* and *Medicaid*—in 1965. These programs served the most vulnerable segments of society—the elderly, the disabled, and the poor.

Medicare. Today, roughly 32 million people benefit from Medicare. The Medicare program consists of two parts. The first part—hospital insurance—pays for unlimited hospital care and up to 150 days of nursing care. Each working person in America pays a special payroll tax to fund hospital insurance. All elderly recipients of social security, retired railroad workers, and disabled persons are entitled to Medicare coverage, although they must pay an annual fee to the government if they use Medicare while in the hospital. They may also have to make additional payments to their doctors or hospitals to help meet costs. The second part—supplemental medical insurance—covers 80 percent of doctor fees, laboratory tests, and other medical expenses. Supplemental medical insurance is optional, and beneficiaries must pay a monthly premium to be eligible. Medicare does not pay for eyeglasses, dental work, or long-term nursing care.

In 1988, Medicare was expanded to cover doctor's bills—after a patient has paid a $1,370

Paying the Doctor's Bill: Today and Tomorrow

Experts predict that by the year 2000, the cost per person for adequate health care will rise dramatically. A person's annual health care bill which costs $2,250 today will climb to $5,500 by the year 2000.

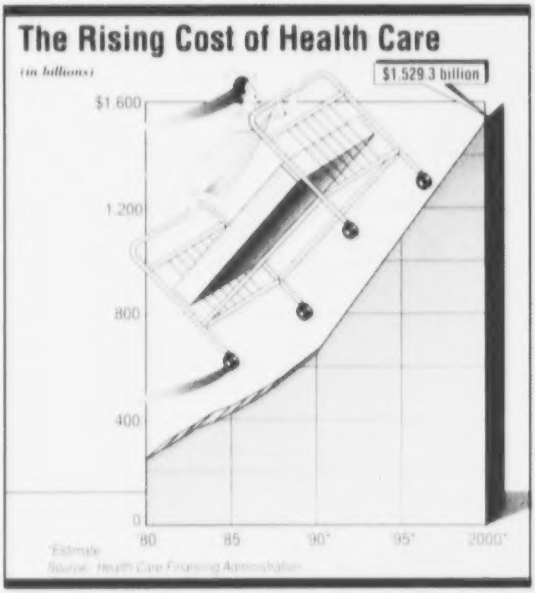
deductible—for illnesses that require long stays in the hospital. In addition, beginning in 1991, the program will pay for prescription drugs.

The Medicare Dilemma. Medicare is faced with a dilemma. On the one hand, it spends too much; on the other hand, it does not spend enough. Each year, Medicare costs more and more money. Between 1983 and 1988, government spending on Medicare increased about 10 percent per year.

Yet Medicare does not spend enough. In recent years, the government has reduced Medicare benefits to patients. Recipients pay more than $500 to meet the deductible for hospital insurance. The government has also limited the amount of money it will pay to doctors and hospitals for certain treatment and tests. Only 50 percent of America's doctors accept Medicare's fee schedule, causing patients to pay the extra amount the government will not cover. Some doctors refuse to treat Medicare patients at all because reimbursement is too low.

Medicaid. Medicaid is a joint federal and state program to help the poor pay for health care. Although the federal government funds slightly more than half of Medicaid, each state establishes its own eligibility requirements, based on income, and administers its own program. Medicaid pays for hospital care, long-term nursing care, doctor fees, laboratory tests, and X rays. It also pays the fees and premiums for Medicare recipients near the poverty level. Many states have cut Medicaid services to reduce budget costs, and some patients are discovering that Medicaid benefits do not cover all their medical bills.

Rising Health Care Expenditures. Over the last two decades, the cost of health care has increased dramatically. When Medicare and Medicaid were introduced in 1965, spending on medical ser-



The Rising Cost of Health Care

*Estimate
Source: Health Care Financing Administration

The annual cost of health care in the United States has nearly doubled in the last eight years. Some experts estimate that yearly health care costs will reach more than $1 trillion by the year 2000.

vices—by the government, private insurers, and patients—totaled about $41 billion, of which the federal government spent $1.7 billion. By 1986, health care expenditures hit $458 billion, of which the federal government spent more than $126 billion, mostly on Medicare. Some experts predict that total health care expenditures will hit $1.5 trillion by the year 2000.

Two major developments have fueled the increase in health care costs: (1) the expansion of a system in which patients do not pay their own medical bills; and (2) the development of expensive new medical technologies. Some health care experts believe that the greatest spur to medical inflation has been the development of a system in which private insurance companies and the government pay for most health care services. Most insurers, including the government, cover 90 percent of patients' hospital costs and 80 percent of doctor fees. Most insurers also use an "after-the-fact, fee-for-service" payment policy. Under this policy, hospitals and doctors submit their bills directly to the insurance companies and are reimbursed for most of their costs. This method of payment has allowed some doctors and hospitals to charge high prices and to perform a large number of tests in order to collect more money. Some doctors have even submitted bills for services that were never provided. In general, patients have not been concerned about the cost of health care because they trust their doctors' judgment and because they know their insurance will cover it.

The Cost of Staying Alive

While making up only 12 percent of the U.S. population, people age sixty-five and older account for 33 percent of total health care costs.

The development of new technologies has also increased the cost of health care substantially. New medical equipment is expensive and requires highly trained, high-salaried operators. Often, several hospitals in the same area will buy the same expensive equipment and offer the same services. The added costs of the duplicated equipment and services are passed on to patients and their insurers.

Recent developments in medical technology have also made it possible to prolong life, adding to overall spending. Today, organ transplants are commonplace, dialysis is available for kidney failures, respirators keep people breathing when their lungs fail, and machines are assisting diseased hearts. But technological advances that prolong life are usually expensive. For example, a heart transplant operation costs between $75,000 and $125,000. Doctors are trained to keep patients alive at all costs and to give them the best treatment possible, but these efforts sometimes create severe financial strain on patients and their families. Increasingly, health care professionals, policymakers, and other experts are having to face a difficult question: As a society, how long can we afford to keep people alive?

Malpractice and Patients. In recent years, insurance rates for doctors have sharply increased. Doctors claim that malpractice suits—brought by patients against doctors for improper care—are driving up insurance rates to a point where doctors can no longer pay their premiums. From 1979 to 1985, the number of patients suing their doctors tripled, and the average monetary award in malpractice lawsuits increased more than 300 percent.

Many people believe that the rise in insurance rates for doctors boosts patients' costs and threatens the quality of medical care. Doctors usually pass on their rate increases to patients in the form of higher fees. Some doctors now order many diagnostic tests to protect themselves against potential lawsuits. Such tests add from $15 billion to $40 billion to health care costs every year. Particularly vulnerable are obstetricians, many of whom are quitting their practices because the cost of insurance is too high. For example, in 1986, the American College of Obstetricians and Gynecology reported that 12 percent of its members no longer delivered babies. In rural areas, 23 percent of family doctors have stopped delivering babies. As a result, some patients have difficulty finding doctors to treat them.

The Patient's Role in Health Care. Many experts say that patients should assume more responsibility in reducing their personal spending for health care. Currently, 97 cents out of every dollar Americans spend on health care goes for the treatment of disease. Only 2.5 cents goes for preventive care such as physical checkups and immunizations. (The other 0.5 cent is spent on educational programs to teach people how to stay healthy.) Experts believe that patients can lead healthier lives and reduce the amount of money spent on medical treatment by taking better care of themselves—for example, by exercising, controlling their diet, giving up smoking, and abstaining from

Close Up Foundation

Today, more Americans realize the importance of preventive health care. By exercising, watching what they eat, and having periodic checkups, many people are reducing their need for costly medical treatment.

alcohol. Experts also recommend that patients become more involved in medical decisionmaking by being informed and by seeking second opinions—especially when surgery is recommended.

Current Issues

Is Health Care a Right? Should the federal government provide health care for all citizens? Many national leaders believe that it should. They say that health care is not a product like a car or a television set but a necessity, and that the government should ensure that everyone receives adequate health care. They point out that the United States and South Africa are the only industrialized nations in the world that do not guarantee their citizens' health care.

Some proponents of a greater role for government in health care want a national insurance plan. Such a plan would give everyone access to medical treatment because the government would pay patients' medical bills. But supporters of national health insurance disagree over how much coverage the government should provide.

Most doctors recommend yearly medical checkups—especially for young people. But with health care costs continually rising, some experts fear that even basic medical care, such as a yearly checkup, may become too expensive for most Americans.

National Education Association/Joe Di Dio

Other proponents want to expand the government's role so that everyone receives government-financed medical insurance. A percentage of an individual's income would determine his or her annual payment for coverage. Some want the government to underwrite medical coverage completely, as is done in the United Kingdom and Canada. This program would be financed through payroll taxes and general tax revenues.

The Growing AIDS Epidemic

Federal health officials project that by the end of 1993 at least 450,000 Americans will be diagnosed as having AIDS. Experts predict that 54,000 Americans—about the same as the number of U.S. servicemen killed during the Vietnam War—will die of AIDS in 1992 alone.

Critics of national health insurance say that the government cannot afford it. They argue that the federal government already faces a massive debt, and American citizens do not want higher taxes. Critics point out that more than 75 percent of the population is already insured for hospital costs, and that a new national plan would only divert federal resources from other projects. They also claim that the government already supports a form of national insurance by subsidizing employers' health insurance policies for employees. Opponents of national health insurance believe that the government is already too involved in people's personal lives and should not be making medical decisions for them as well.

The AIDS Crisis. One of the most devastating diseases to develop around the world in the last decade is Acquired Immune Deficiency Syndrome (AIDS). Since the early 1980s, more than 30,000 Americans have died of AIDS. There is no cure for the disease. There is no vaccine to prevent its spread. However, many experts claim that knowledge and understanding about AIDS can help prevent it from spreading.

AIDS is caused by a virus called the Human Immunodeficiency Virus (HIV). HIV attacks the white blood cells in the body. White blood cells make up the body's immune system, which helps protect a person from infections. When white blood cells are damaged, a person's ability to fend off disease decreases. Thus, people with AIDS are

Women who have AIDS can pass the deadly virus to their babies during or just after birth. AIDS is now the ninth leading cause of death for children ages one to nine, and experts estimate that by 1991 one out of every ten pediatric hospital beds in the United States will be filled with a child with AIDS.

Reuters/Bettmann Newsphotos

vulnerable to illnesses that would not pose a threat to them if their immune systems were functioning properly.

Federal spending on AIDS has increased from $6 million in 1982 to $1.4 billion in 1988. Most of the federal funds, about $900 million, are spent on AIDS research. In addition, the government spends hundreds of millions of dollars on AIDS education programs—including television ads and other major publicity campaigns—and for the care and treatment of AIDS patients.

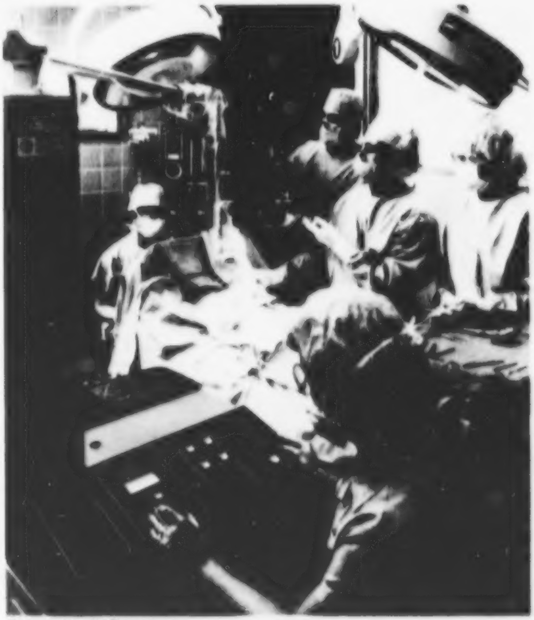
Medical experts and policymakers in the United States agree that proper information and education can prevent thousands of people from contracting AIDS. Public awareness campaigns have begun nationwide. However, controversy surrounds AIDS education in the nation's schools.

AIDS Education in the Schools. Although medical experts agree that one of the best ways to combat the spread of AIDS is by educating elementary and high school students, there is much disagreement over what should be taught to children about the disease, how it is transmitted, and what the best preventive measures are. Parents, school officials, and students are currently wrestling with the ethical, moral, and medical questions surrounding AIDS education. A major problem in agreeing on an AIDS education program in schools stems from how AIDS is transmitted.

AIDS is transmitted primarily through sexual contact and intravenous drug use. Many experts believe that AIDS education programs in the schools should include open and frank explanations of how the disease is transmitted and how its transmission can be prevented. Some school districts around the country have already instituted AIDS awareness programs to help students learn more about the disease. However, many parents object to AIDS courses in public schools. They claim that these courses do not adequately stress sexual abstinence as the best way to prevent the spread of AIDS, and that discussions about sex should be saved for the home. Faced with increasing opposition, many school officials are proceeding cautiously on AIDS education.

Reducing the Cost of Health Care. A number of proposals have been introduced to reduce the cost of health care. Recently, the government instituted a system called *diagnosis related group payments* (DRGs), which limits the amount paid to hospitals for specific treatments and diseases to fixed fees. Several states have instituted similar systems. Supporters say that DRGs will reduce health care costs because once the government stops paying for tests that are by and large unnecessary, hospitals—and doctors with patients in hospitals—will stop administering them. Critics say that DRGs and similar fixed-rate schedules force hospitals to cut back on services they provide to patients. They also charge that in order to save money, some hospitals are releasing patients before they are fully recovered.

Another proposal to reduce health care costs entails increasing competition among hospitals. Traditionally, hospitals have not had to make a profit, relying instead on charities and local government subsidies for support. But today, large corporations own and operate many hospitals. Corporate leaders believe that their hospitals are



American Hospital Publishing, Inc.

New medical techniques and technology, such as organ transplants, laser surgery, and artificial hearts have made it possible for doctors to prolong a person's life. However, technological "miracles" are often very expensive. Many medical experts wonder how long we can afford to keep people alive.

more efficient and less expensive to operate than community hospitals because they are more concerned with cost control and buy their supplies in huge quantities. Another innovation is the development of health maintenance organizations (HMOs). HMOs offer a wide range of medical services at one location and charge patients a fixed annual fee to cover all their medical needs. Critics contend that corporate-owned hospitals do not provide enough *uncompensated*, or free, care for patients who are unable to pay. This puts an unfair burden on community hospitals, which are required to take patients who cannot pay. HMOs are also criticized for being more concerned with controlling costs than with offering high quality or personal care.

The Malpractice Crisis. Every year, American doctors pay more than $4 billion for medical malpractice insurance. Doctors in high-risk specialties such as obstetrics have been especially hard hit. Their premiums rose 25 percent from 1981 to 1985. These increased costs are passed on to patients through higher doctor fees and additional diagnostic tests. Doctors also say that costly malpractice insurance adversely affects the traditional patient/doctor relationship because many doctors now regard each patient as a potential lawsuit. As a result, some doctors are abandoning their medical practices altogether.

Recently, several states passed laws to attack the malpractice crisis. For example, Illinois has set up committees to screen out unreasonable malpractice cases before they reach the courts. And California and Indiana now limit the amount of money awarded to patients in malpractice lawsuits. In addition, California limits the amount of money lawyers can earn from malpractice cases.

However, some patients and lawyers claim that the crisis in malpractice insurance is overstated. They say that the number of cases has increased because doctors are making more mistakes. Some lawyers claim that filing malpractice suits is the only way patients can be compensated for improper care. They point to examples of substandard care that have led to brain damage in babies and to other tragedies. In fact, they claim that most victims of malpractice are not compensated at all. Patients and lawyers also maintain that award and earning limits might prevent legitimate victims from bringing their cases to court because compensation is too low.

Outlook

Both the government and the health care industry are searching for ways to cut the cost of health care. Increased competition with corporate-owned hospitals and government spending limits have had some success. To keep costs down, President Bush has proposed that the government offer incentives to people to buy long-term health care insurance early in life. He believes that average citizens should provide for their own health care needs, leaving the government to help those people who truly need assistance.

The growing AIDS epidemic in the United States again raises questions about society's responsibility to care for its sick. Some people claim that the federal government has not taken the necessary steps to combat AIDS in the United States. They are calling on the government to create a coordinated program that will find a cure for AIDS, educate the public about prevention, and provide care for the thousands who are dying from the disease.

The Debate Health Care

Should the United States Adopt National Health Insurance?

PRO

Thirty-seven million Americans have no health insurance, and two-thirds of them are employed by firms which do not offer any insurance. Millions more have inadequate coverage. A national health insurance system would correct this and make medical care available to all. Such a plan would control rising health care costs and coordinate medical planning. And national insurance would cost less overall than the present system.

CON

A national health insurance plan is not necessary. More than 75 percent of all Americans are covered by insurance plans, and those who are not covered would be best served by more competition in the health care industry and selected government regulation. National insurance would drain the federal budget, raise taxes, and lead to government intrusion in sensitive medical decisions.

Would More Competition Lower Health Care Costs?

PRO

Competition in the health care industry will reduce costs because everyone will be allowed to make their own decisions concerning health care. Consumers will pick the most cost-efficient program for their needs. Suppliers of health care—such as insurance companies and corporate-owned hospitals—will compete with one another to offer quality service at reduced rates.

CON

Adequate health care for all cannot be provided in a free marketplace. Purchasing health care is not the same as buying a car or a pair of shoes. People who are sick do not shop around for cheap doctors and hospitals. Rather, they depend on their doctors to make the best possible medical decisions. The best way to control costs is through improved government regulation and close monitoring of medical fees.

Should There Be AIDS Education in Schools?

PRO

The only way stop the spread of AIDS is to educate the nation's young people. AIDS education programs in schools must include open and frank explanations of how AIDS is transmitted and how its transmission can be prevented. AIDS education is needed to ensure that students get reliable information about how to prevent the spread of this deadly disease.

CON

AIDS is transmitted primarily through sexual contact. Discussions of sex and sexual diseases—especially AIDS—are best saved for the home. Parents—not the schools—should decide what their children learn about AIDS and what the best preventive measures are.

Immigration

The United States was built by immigrants who came to this land to begin a new life. Prior to the late 1800s, the United States was open to anyone who came. But as the population swelled, the federal government decided to control immigration. Each year only about 600,000 immigrants are issued visas to enter the United States legally. But more than one million people enter the United States illegally, sometimes at great risk.

Faced with the problem of illegal immigration, Congress passed the Immigration Reform and Control Act of 1986, which allowed illegal immigrants who had been living in the United States since 1982 to apply for legal residency. However, immigration authorities estimate that as many as 8 million immigrants came to the United States illegally after 1982 and are not eligible to apply. These illegal aliens may find it more difficult to live in the United States since the government can now fine employers up to $10,000 for each illegal alien they hire.

President George Bush says that the United States must be generous in allowing new people to enter the country legally. However, the president believes in controlling the flow of immigrants so that the new arrivals do not overwhelm government resources. The president supports sanctions against employers who knowingly hire illegal aliens; he also advocates increased patrols on the U.S.-Mexican border—the principal place of entry for many illegal immigrants. However, despite the president's policies, officials estimate that the number of illegal immigrants entering the United States is likely to increase.

Key Questions

- Should the government punish employers who hire illegal aliens?
- Should economic refugees be admitted?
- Should all immigrants be required to speak English?

Background

The Days of Unlimited Immigration. The United States was founded and settled by immigrants. At first, the country was open to anyone wishing to make a new start. Many people came to America to escape war, poverty, famine, or religious persecution. Others came to seek their fortune in a land where "the streets were paved with gold" (a myth perpetuated in Europe by some steamship companies). These and other factors resulted in a large-scale exodus of people from around the world to the United States of America.

Chinese Exclusion Act of 1882. The Chinese Exclusion Act, which suspended immigration from China for sixty years, marked the first time that the United States closed its doors to any group. The act was heavily supported by people in California who resented the large number of Chinese immigrants working for low wages in their state.

The Gentlemen's Agreement of 1907. During the early 1900s, the flow of Japanese laborers into California was a sore point in U.S.-Japanese relations. Many workers in California petitioned the federal government to restrict Japanese immigration because the Japanese were taking jobs at low wages. At the same time, the government of Japan complained bitterly that Japanese children living in the United States were forced to attend separate schools. Finally, President Theodore Roosevelt negotiated an informal "Gentlemen's Agreement" with Japan. According to the agreement, the United States promised to desegregate California schools in return for Japan's promise to stop the influx of Japanese immigrants to California.

Quotas. During the first twenty years of this century, immigrants from southern and eastern

UPI/Bettmann Newsphotos

From 1880 to 1920 more than 23 million immigrants—most of them from southern and eastern Europe—came to the United States seeking a new life. Many of the newcomers settled in large cities on the East Coast.

Europe crowded into large U.S. cities. Some people viewed the new immigrants as a threat to the rising standard of living because they were willing to work long hours for little pay. In addition, the anticommunist mood that followed World War I made some Americans suspicious of anyone who seemed particularly "foreign." They believed that these new immigrants were racially inferior to people of northern and western European descent. Many Americans argued that the new immigrants would be less able to learn English and *assimilate*, or be absorbed, into American culture. As a result, many U.S. citizens resented the new immigrants and called for limits to further immigration.

The first immigration laws aimed to preserve the racial, religious, and ethnic composition of the United States. Immigration from Germany, Great Britain, and Ireland was encouraged because natives of these countries seemed more likely to assimilate. Immigration from eastern and southern Europe was discouraged.

Congress wrote the first quota law in 1921. Previous patterns of immigration determined the quotas. Annual immigration to the United States from any given country was limited to no more than 3 percent of the number of people from that country living in the United States when the 1910 census was taken. For example, if the census showed that 10,000 German immigrants were living in the United States in 1910, the 1921 German quota would have been 300.

Congress tightened the restrictions in 1924. The new laws used the 1890 census instead of the 1910 census, and allowed only 2 percent of each national group into the country. Use of the earlier census figures sharply restricted the number of eastern and southern Europeans who could enter, since most of them came to the United States in large numbers after 1890.

In 1929, Congress passed the National Origins Act to respond to prejudices of the time. This act sharply limited immigration by those of "less desirable" heritage. Of the annual quota of slightly more than 150,000 immigrants, 70 percent were to come from Germany, Great Britain, Ireland, and Scandinavia; the remaining 30 percent were limited to countries in southern and eastern Europe.

U.S. Population Trends

The population mix of the United States is constantly changing, but if current immigration and birth patterns hold, the Population Reference Bureau predicts dramatic changes by the year 2080.

Population distribution by race:

	1980	2080
White	79.9%	49.9%
Black	11.7	14.7
Hispanic	6.4	23.4
Asian, and others	2.0	12.0

Displaced Persons Act of 1948. World War II left millions of people homeless. In his 1947 State of the Union address, President Harry Truman encouraged Congress to admit a larger number of immigrants. In 1948, Congress passed the Displaced Persons Act, which took in some of the homeless. However, the law was criticized because it required each immigrant to pass a security check and to have proof of employment and housing that would not displace U.S. citizens.

McCarran-Walter Act of 1952. The McCarran-Walter Act, which revised the 1929 National Origins Act, further tightened controls over aliens and immigrants by adding ideology to nationality as a criterion for admission to the United States. Passed partly because of the "Red Scare" of the 1950s, the law sought to weed out people with even marginal communist backgrounds or sympathies. One of its most controversial provisions states that the Immigration and Naturalization Service (INS) must keep a listing (known as the *Lookout Book*) of any foreigners who "might endanger the welfare, safety, or security of the United States" because of their past or present political views or actions.

Over the years, the McCarran-Walter Act was used to prevent many writers, artists, and politicians from entering the United States. Among those denied entry were Nobel prize winning author Gabriel Garcia Marquez of Mexico, South African poet Dennis Brutus, Colombian journalist Patricia Lara, and Pierre Trudeau, who later became prime minister of Canada.

In 1987, Congress substantially revised the McCarran-Walter Act to make it illegal for the U.S. government to deny anyone entry into the country on the basis of beliefs, statements, or associations. Terrorists and others who threaten national security, however, could still be excluded. Since the legislation was tied to a one-year authorization bill, the law expired at the end of the 1987 fiscal year. However, some members of Congress want to make the changes permanent.

1965 Immigration Act. The 1965 Immigration Act represented a major reform of all previous immigration statutes. It abolished the quotas that discriminated against nationalities, substituting an overall quota of 170,000 non-Western Hemisphere immigrants. The act gave preference to applicants who had professional qualifications or special labor skills, were related to U.S. citizens, or had need for political asylum.

But the act limited immigration from countries in the Western Hemisphere for the first time to 120,000 annually and thereby created a serious illegal immigrant problem. Before 1965, thousands of jobs requiring cheap labor were filled by immigrants from Mexico and Central America who needed only to apply for temporary or permanent visas to be admitted legally. Latin Americans had been drawn to the United States for some time because of its booming economy and the deep poverty in their own countries. Since 1965, however, with limitations in place, many immigrants from Latin America have been living and working in the United States illegally.

Seeking Asylum

In all of 1987, 405 Central Americans sought asylum in Harlingen, Texas, a small town where immigrants can find the first INS Office after crossing the border. By contrast, in the last six months of 1988, 28,801 people—nearly half from Nicaragua—applied for asylum. Officials estimate that 100,000 immigrants will seek asylum in Harlingen in 1989.

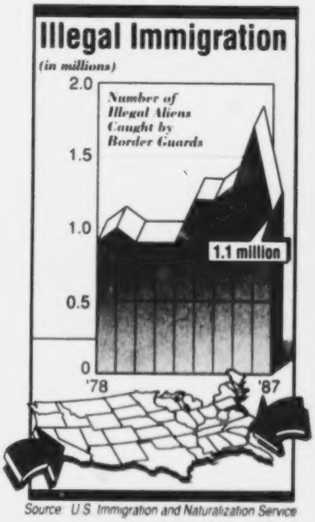
Refugees. The Refugee Act of 1980 legally defined a refugee as someone who flees a country because of persecution "on account of race, religion, nationality, membership in a particular social group, or political opinion." The act authorizes the president, in consultation with Congress, to establish an annual ceiling on the number of refugees who may enter the United States. In 1989, that number was 94,000. The act also allows the president to admit any group of refugees in an emergency.

The Refugee Act of 1980 represented a major change in immigration policy. Before 1980, only a special act of Congress could admit groups of refugees. Most often, Congress admitted refugees fleeing communism. For example, Congress passed special laws to admit more than 445,000 Cubans who fled their country after Fidel Castro took power in 1959, and 565,000 refugees who fled Southeast Asia after South Vietnam came under communist control in 1976.

In December 1987, Congress passed legislation giving special status to Amerasian children (children fathered by American military personnel serving in Southeast Asia) and political prisoners fleeing Vietnam.

Illegal Aliens. For many of the world's people, the United States symbolizes freedom and opportunity. To the people of Latin America, the United States has long been a haven from poverty and civil war. Immigration quotas allow some Latin Americans to enter the United States legally, but many more come illegally. Authorities estimate that more than one million illegal immigrants enter the country every year. Many work in low-paying, unskilled jobs such as weeding and harvesting crops or busing tables in restaurants.

Some people say that the United States exploits illegal aliens. Because they have no legal status, they are often paid salaries below the minimum wage. For years, illegal immigrants have been afraid to complain about low wages or harsh working conditions because they feared they would be fired or reported to immigration officials. But even working below minimum wage, illegal aliens have often prospered in the United States, earning much more than they could in El Salvador, Haiti, or Mexico where incomes average from $300 to $2,250 per year.



Source: U.S. Immigration and Naturalization Service

The number of illegal aliens apprehended by U.S. border patrols has decreased since the passage of the Immigration Reform and Control Act of 1986. However, the Immigration and Naturalization Service estimates that only half of all illegal aliens are caught in any one year.

Immigration Reform and Control Act of 1986. After five years of debate in Congress, President Ronald Reagan signed the most sweeping immigration reform law of the past twenty years. The Immigration Reform and Control Act of 1986 is designed to stop the flow of illegal immigration into the United States from Latin America by imposing sanctions against employers who hire illegal aliens. At the same time, the law gives illegal aliens who have been living in the United States since 1982 the opportunity to become legal citizens.

Employer Sanctions. Under the law, any employer who knowingly hires illegal aliens can be punished. Employers can be fined from $250 to as much as $10,000 for *each* illegal alien found working for them. Repeat offenders are subject to higher fines and possible imprisonment. Many lawmakers believe that the sanctions deter em-

FOR LEGALIZATIO
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UPI/Bettmann Newsphotos

Under the Immigration Reform and Control Act of 1986, illegal aliens living in the United States since January 1, 1982, were given a one-year opportunity to apply for permanent U.S. residency and eventually full citizenship. Although more than 1.5 million illegal aliens signed up for the amnesty program, many waited until the last day.

ployers from hiring illegal aliens and thereby decrease the number of illegal immigrants seeking jobs in the United States.

Amnesty for Illegal Aliens. For one year after the law went into effect, the government granted *amnesty* to illegal aliens who could prove they had lived continuously in the United States since January 1, 1982. Illegal aliens could seek *temporary resident* status from the government by submitting an application form with documented proof that they had been living in the United States during the the period indicated by the law. Once granted amnesty, illegal aliens could then become *permanent residents* by showing a minimal understanding of English and some knowledge of U.S. history and government. In five years, they would be eligible for full citizenship.

Despite the opportunity for many illegal aliens to gain full U.S. citizenship, there were problems with implementing the amnesty program. When the program began, the Immigration and Naturalization Service (INS) predicted that between 2 and 4 million illegal aliens would apply for amnesty. However, only about 1.8 million applications were filed during the one-year amnesty period. One reason for the low turnout was that many illegal aliens could not provide the documents necessary to prove they were living in the United States since January 1982. Since most illegal aliens go to great lengths to conceal themselves from the law, proving eligibility for amnesty with rent receipts, social security cards, income tax forms, or letters verifying their employment was extremely difficult. In addition, many illegal aliens distrusted the U.S. government; they spent years avoiding the INS and were hesitant to come forward and trust these same officials.

Current Issues

Sanctions Against Employers Who Hire Illegal Aliens. Many employers oppose the provision in the Immigration Reform and Control Act that allows the government to fine them for hiring illegal immigrants. Employers feel that the law is asking the business community to do the government's job by requiring them to do background checks on everyone they hire. In addition, employers fear that they will be fined for hiring an illegal worker by mistake. Some employers say that the policy is misguided because immigrants, even illegal ones, are vital to the economy. Business operators maintain that immigrants often take the low-paying jobs that Americans turn down. These critics of the law say that fining employers who hire illegal aliens only hurts the economy.

However, proponents of employer sanctions claim that the sanctions are necessary. They say that most illegal immigrants come to the United States because they know there is work for them when they cross the border. Employers who are fined for hiring illegal immigrants will stop hiring them. Illegal aliens will stop coming to this country if there are no jobs for them. Moreover, proponents claim that the sanctions are working. Immigration officials report that illegal immigra-

Citizenship Requirements

To become a citizen of the United States, a person must be legally admitted into the country for permanent residence and:

- **be over eighteen years old;**
- **have lived in the United States for five years;**
- **be of good moral character;**
- **be able to read, write, and speak English;**
- **demonstrate a knowledge of American history and government; and**
- **does not belong to any organization that advocates the overthrow of the government by violence or the doctrines of communism.**

UPI/Bettmann Newsphotos

The promise of America. More than 3,000 new Americans take the oath of U.S. citizenship at a swearing-in ceremony in Los Angeles. Since its beginning, the United States has symbolized freedom and opportunity to many of the world's peoples. Today, that ideal still lives—in 1987, 274,008 people were granted U.S. citizenship.

tion along the U.S.-Mexican border decreased after the law was passed.

Economic Refugees. Every year thousands of people from around the world seek admission to the United States as refugees. The INS has ruled that, according to the 1980 Refugee Act, the majority of these immigrants are in fact not refugees and therefore are not eligible for admission into this country. The Refugee Act defines a refugee as someone who is fleeing political or religious persecution, not economic conditions. The government fears that if the United States were to admit economic refugees, the country would soon be overwhelmed by the world's poor. These people would be unable to find jobs and would drain public assistance funds quickly. The 1986 immigration law does not address this problem.

Critics of the INS believe that the United States should broaden its definition of "refugee" to include persons trying to escape severe poverty. Those who favor a broader definition argue that many of the people who immigrated to the United States a century ago were economic refugees.

They say that it is unfair to grant refugee status to people who fear their lives are in danger because of their political views and then to deny admission to people whose lives are in danger because of severe poverty.

Sanctuary Movement. Providing *sanctuary*, or protection, to someone in need is a practice as old as the Bible. Today, some churches defy federal authority and publicly harbor immigrants from war-torn Central America. The churches claim that some immigrants—especially those from El Salvador and Guatemala—are forced to leave because their political views put their lives, and the lives of their families, in danger. The churches contend that these immigrants should be considered legal refugees under the terms of the 1980 Refugee Act and should be allowed to enter the country legally. (The 1986 immigration law does not give amnesty to anyone who entered the United States illegally after 1982.)

The U.S. government says that citizens who provide sanctuary to illegal immigrants are breaking the law and are subject to arrest. The government claims that most immigrants from Central America come to this country to escape poor economic conditions and are, therefore, illegal aliens, not refugees. In an effort to crack down on the sanctuary movement, the Justice Department has prosecuted church workers for harboring illegal immigrants.

Should the United States Restrict Further Immigration? Many people say that the United States should try to restrict further immigration for economic reasons. But critics of increasing restrictions claim that economic arguments sometimes hide an underlying racism among some Americans. Some of the issues surrounding this debate concern the protection of American jobs and American culture.

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RMACIA CENTRAL

AP/Wide World Photos

For the past two decades, immigrants from Latin America have brought dramatic changes to many areas of the nation. For example, the majority of people who live in the section of Miami, Florida, known as Little Havana are Cuban immigrants who came to the United States when Fidel Castro took power in Cuba in 1959.

Do Immigrants Take Jobs Away from U.S. Citizens? Those who want to restrict immigration maintain that the United States cannot absorb more immigrants. Advocates of restrictions believe that newcomers take jobs away from Americans—particularly minorities—because they increase the overall labor pool and are willing to work for lower wages. Critics of this view argue that immigrants are important because they are willing to take jobs that many native-born Americans sometimes turn down. Moreover, these critics say, today's immigrants are like the immigrants who arrived at the turn of the century: They come here with the will to succeed and usually do.

Should Immigrants Be Required to Speak English? Some people argue that restrictions on immigration are necessary to maintain America's national identity. The great increase in arrivals from developing countries, especially Latin America and Asia, has brought dramatic changes to some parts of the United States. For example, Spanish has become a major language in the Southwest and in Miami, Florida. It is spoken on the streets and in public schools, broadcast over Spanish-language television and radio stations, displayed on billboards, and required on election ballots.

Some Americans resent the prevalence of Spanish-speaking persons in their communities.

They believe that English is the language of the United States, and therefore immigrants should learn it and use it. Seventeen states have passed laws declaring English their official language. Many experts believe that the laws will be used to outlaw bilingual education, bilingual ballots, and other services offered in English and Spanish.

But many people consider such arguments to be racist. They point out that most immigrants want to learn English because it is the only sure way a person can "get ahead" in the United States. They say that the United States should help newcomers by investing more time and energy in teaching English to immigrants.

Outlook

A new era in U.S. immigration history began with the passage of the Immigration Reform and Control Act of 1986. More than one million people were granted amnesty, and a chance for a new life. However, illegal aliens who did not apply or qualify for amnesty will now have more difficulty finding jobs because the law allows the government to punish their employers. President Bush agrees with the law. He has said that the United States should welcome immigrants who come here legally but stop the ones who enter illegally. How the president will successfully accomplish these goals remains to be seen. The United States faces several other immigration problems as well. Congress will continue to debate immigration quotas, the visa system, and revision of the McCarran-Walter Act. In addition, the question of whether to admit immigrants who seek political refuge and economic improvement remains unanswered.

The Debate Immigration

Should the Government Punish Employers Who Hire Illegal Aliens?

PRO	CON
Punishing employers who hire illegal aliens is the only way to stop illegal immigrants from coming to the United States. Illegal immigrants come to this country because they know there are jobs for them. Employers who know that they will be punished for hiring illegal aliens will probably not do so. Since fewer jobs will be available to illegal immigrants, they will stop coming to the United States.	Punishing employers who hire illegal aliens hurts many minorities in the United States. Employers may be reluctant to hire "foreign-looking" or "foreign-sounding" people—even those who are legal citizens—for fear they might be living in this country illegally. Futhermore, the business community should not have to do the government's job.

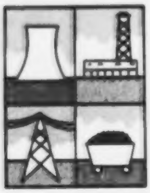
Should Economic Refugees Be Admitted?

PRO	CON
We assign refugee status to people who might be imprisoned in their own countries for the things they believe or say. Yet we deny refugee status to people who are suffering from severe poverty. Our nation has always offered people the opportunity to help themselves. How can we stop now?	If the United States were to open its doors to economic refugees, it would soon be flooded by the world's poor seeking admission. The United States has neither the resources nor the jobs to provide for all these people. The result would be merely to import more poverty.

Should All Immigrants Be Required to Speak English?

PRO	CON
English is the language of the United States; therefore, immigrants should learn it and use it. To be successful in the United States, a person must know English. If immigrants do not understand English they will be unable to find decent jobs or get a good education. The nation needs a common language to unify its people.	Attempts to require that all immigrants speak English are racist. The addition of people from different cultures has enriched our nation over the years. Besides, most immigrants want to learn English but cannot because the country has not invested enough time, money, and energy in teaching immigrants English.

Energy



The United States literally runs on energy. The nation needs vast amounts of energy to fuel its cars, power its factories, heat its homes, and light its streets. Oil is America's major energy source. But oil, which was once cheap and plentiful, more than doubled in price in the last ten years, and some experts predict that supplies will run out in less than fifty years. Will the United States be prepared when the oil wells run dry? Not long ago, the nation got a glimpse of what a world with little or no oil might look like.

Two severe energy crises in the 1970s rocked the United States. Oil-exporting countries in the Middle East sharply reduced oil supplies, causing the price to skyrocket. Americans waited in long lines to purchase gasoline. Schools and offices closed down to save heating oil. Factories laid off workers because they did not have enough fuel to operate at full capacity.

To make the United States more energy-efficient, the government mobilized an all-out effort to resolve the energy crisis. Government action resulted in fuel-efficient cars, lower speed limits, and better-insulated homes.

Today, the energy crisis is a memory. Increased oil production has caused prices to decline and reserves to rise. But, some experts fear that another energy crisis may catch the nation off guard. The United States currently imports 41 percent of its oil and by 1995 will import more than 50 percent.

Some experts question if there is enough time for the United States to develop energy alternatives before the wells run dry again.

Key Questions

- Should the government, rather than the free market, dictate energy policy for the United States?
- Should the United States increase its use of coal?
- Should we build more nuclear power plants?

Background

Energy Sources

Energy Means Growth. The United States depends on energy to produce economic growth and income. Energy is needed to power machines, operate communications, and transport people and materials. Plentiful energy also makes the quality of life more comfortable for everyone. The United States has the world's largest consumer economy and is also one of the greatest consumers of energy. Although the United States has only 5 percent of the world's population, Americans consume more than 25 percent of the energy used worldwide every year.

Energy Supplies in the Nineteenth Century. Large supplies of inexpensive domestic energy resources helped spur American economic growth throughout its history. Until the twentieth century, the major sources of energy were *renewable*. For example, wood was a primary source of heating fuel, river currents powered New England textile factories, and windmills pumped water on midwestern farms. After 1900, demand for energy increased, and Americans began to rely upon *fossil fuels*—oil, coal, and natural gas—as their main sources of energy. Coal soon surpassed wood as the nation's primary energy source.

Oil Becomes King. After World War II, American lifestyles changed as did our energy needs. Urban sprawl, big homes, and America's growing love affair with the automobile made oil the number one source of energy in the United States by 1950. Oil was cheap and plentiful, and the supply seemed endless. As our energy needs increased even more in the 1960s and 1970s, the United States began to import more oil. By 1973, oil provided nearly half

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The Arab oil embargo of 1973 had a tremendous impact on life in the United States. People had to wait in line for hours to buy gasoline, and many parts of the country experienced severe shortages.

of the energy consumed in the United States, and 36 percent of it was imported.

The Arab Oil Embargo. In an effort to increase the price of oil on the world market, thirteen nations joined together in 1960 to form the Organization of Petroleum Exporting Countries (OPEC). OPEC members controlled more than half of the world's oil reserves. In 1973, OPEC's Arab members cut off oil shipments to the United States and the Netherlands because the two nations had supported Israel in the war that year between Israel and its Arab neighbors, Syria and Egypt. At the same time, the Arab oil exporters drastically cut their total production and unilaterally announced sharp increases in the price of oil. From October to December 1973, the price of oil rose from $3 to more than $11 a barrel. The Arab oil embargo created tremendous shortages around the world and was the leading cause of the 1974-75 economic recession.

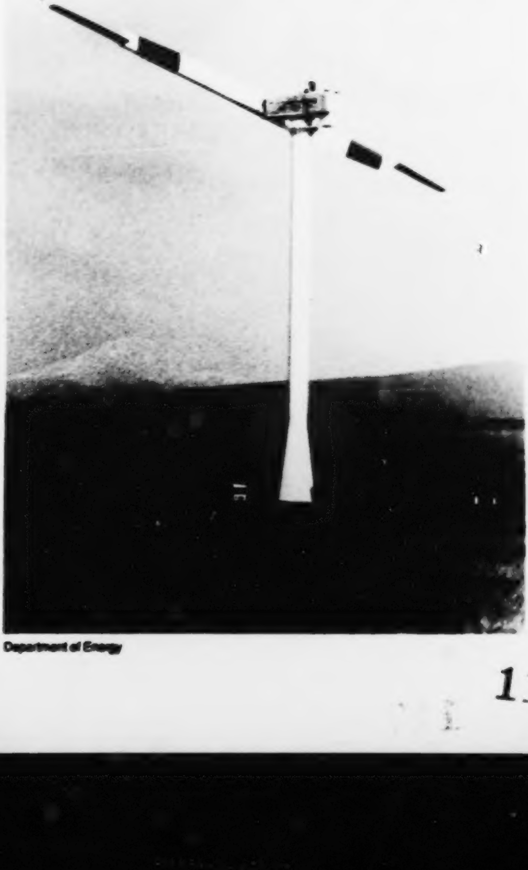
Alternative Energy Sources. OPEC announced the end of the embargo in March 1974, but the impact it had on American energy consumption was dramatic. Nearly two generations of Americans had built an entire lifestyle around the availability of cheap oil. Now alternatives to oil had to be developed.

Nuclear Energy. During the 1950s and 1960s, nuclear energy was promoted as the energy source of the future. Although nuclear energy was never expected to fuel automobiles or trucks, it was expected to generate 25 percent of the nation's electricity by the 1980s and perhaps 50 percent by the end of the century. However, nuclear energy is unlikely to meet the expectations once imagined. The high costs of building reactors, the unresolved problem of disposing of highly radioactive waste, and public opposition to nuclear power have caused utility companies to cut back on developing nuclear energy as a power source.

Coal. Many experts believe that U.S. energy needs can be met by returning to the former major energy source, coal. They point out that coal reserves are plentiful in the United States and can provide enough electric power for more than 200 years. However, coal does have drawbacks. Coal is a major source of air pollution and acid rain. Also, coal strip-mining destroys thousands of acres of land every year. The Department of the Interior's Office of Surface Mining estimates that more than 6,000 strip mines nationwide have left much of the land scarred and barren.

Synthetic Fuels. Synthetic fuels are oil or gas substitutes made from coal or oil shale and processed into liquid or gaseous form. During the 1970s, many experts saw synthetic fuels as the solution to the energy crisis. As research increased in the field, however, they discovered that synthetic fuels have three serious problems. First, synthetic fuels are expensive to produce—as much as $60 per barrel. Second, producing synthetic fuels requires large amounts of water, which is scarce in the western United States where most of the coal and oil shale are located. Third, producing synthetic fuels could create severe environmental problems. Much of the waste of synthetic fuel production from coal and shale oil is highly toxic. Unless some method can be discovered to detoxify the waste, burying it would poison the earth and nearby water sources.

Renewable Energy Sources. Renewable—or inexhaustible—energy sources include wind, water, and solar power. These alternative sources of energy are nonpolluting, and the supplies will never run out. During the energy crisis of the late 1970s, many homeowners installed solar-powered water heaters, and some local utilities in California and other western states used windmills to produce small amounts of electricity. However, the cost of installing large solar or wind energy systems is still high and thus impractical for large industries and communities.



Department of Energy

Large, modern windmills, such as this space-age wind turbine in Washington state, were constructed in many western states in the 1970s as alternative energy sources to oil.

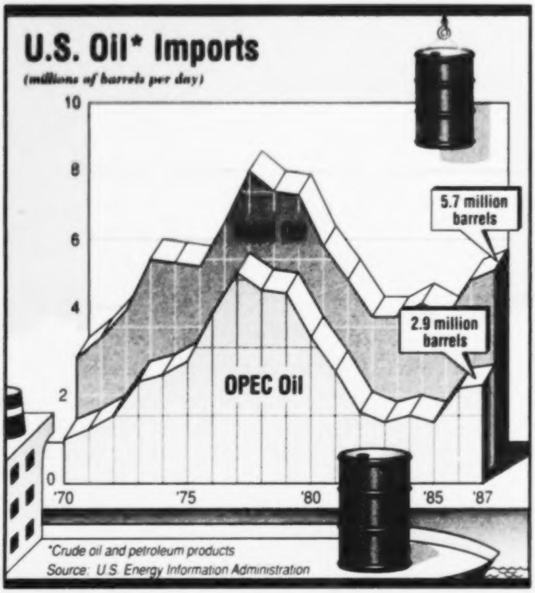
American Energy Policy

Wasteful Consumption. In the 1950s and 1960s, the price of oil and gas was low and its supply was high. Energy consumption increased rapidly. U.S. energy policy could be summed up in one sentence: use as much as you want, pay as little as possible.

Nixon's Energy Policies. The Arab oil embargo forced Americans to realize how much they depended on foreign oil suppliers. President Richard Nixon proposed an energy policy that would make the United States self-sufficient. Conservation and development of American energy sources became primary goals. Alaskan oil was critical to President Nixon's energy plans, which included developing Alaskan oil fields and constructing an oil pipeline across the state. Conservation programs included reduction of the speed limit on highways from 70 to 55 miles per hour, year-round daylight saving time (later repealed by Congress), and new laws to make American cars more energy-efficient.

A Return to Wasteful Habits. After the Arab oil embargo, OPEC continued to keep prices high by limiting production. However, the price increases were not nearly as steep, and the introduction of oil from Alaska and Britain's North Sea provided alternative sources to expensive OPEC oil. Consumers in industrialized countries began returning to their old energy consumption habits. Total U.S. energy consumption grew almost 11 percent between 1975 and 1978.

Carter's Energy Policies. In April 1977, President Jimmy Carter proposed an energy plan to cut U.S. demand for oil. His program included establishing the Department of Energy, curtailing price controls on natural gas, and strengthening conser-



Although dependence on OPEC oil has decreased, the United States imports more than 5 million barrels of oil every day. (One barrel of oil equals 42 gallons.) Some experts say that relying so much on foreign oil is dangerous and could lead to higher prices for gasoline, heating oil, and other petroleum products if overseas suppliers cut off shipments or raise costs.

vation efforts. In 1979, world oil supplies fell and oil prices doubled after a revolution in Iran, then a major supplier of oil. Following this second energy crisis, Congress passed several of President Carter's measures to reduce oil consumption and to bring America closer to energy independence.

Phased Decontrol of Oil Prices. The idea behind price decontrol was that domestic oil prices—which had been under price control regulations since 1971—needed to rise to the world market level to encourage oil development at home and to foster conservation among consumers. As a result of decontrol, the oil industry drilled more wells in the United States than ever before, using advanced technology to reach trapped oil and to reopen old wells. Since then, a surplus of world oil has slowed domestic oil exploration.

Windfall Profits Tax. Fearing that price decontrol would bring huge profits to oil companies, President Carter proposed a stiff tax on 60 percent of domestic oil company revenues resulting from decontrol.

Synthetic Fuels Corporation. Since dependence on imported oil had threatened U.S. security during the 1970s, Congress created the Synthetic Fuels Corporation. This public corporation, funded by the federal government, was created to help finance the research and development of synthetic fuels made from U.S. resources.

Solar and Conservation Bank. Congress created the Solar and Conservation Bank to encourage the use of energy-saving and solar technologies. The federally run bank provided loans and subsidies for home improvements that conserved energy or used solar energy.

Gas Guzzling Automobiles

About 4 percent of the gasoline used by U.S. drivers is consumed during traffic jams.

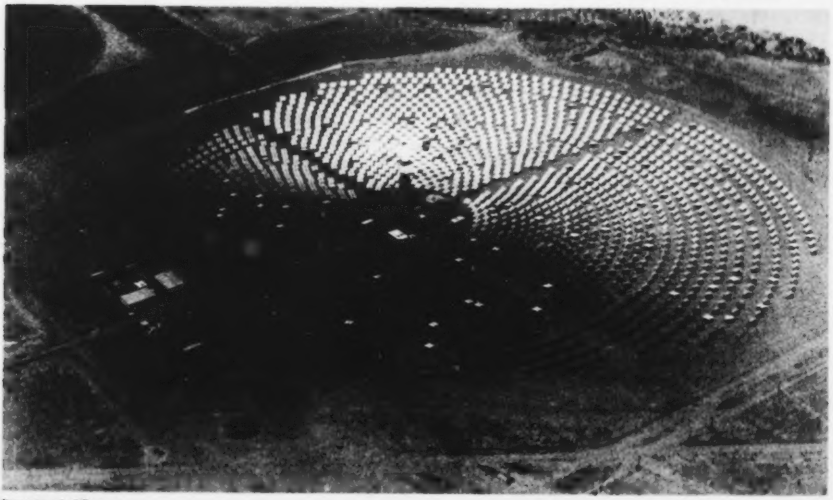
The Oil Glut. In 1980, oil prices peaked at $39 a barrel. Since then, prices have declined steadily to $15 in 1988. The price decline is due partly to a surplus of oil—a glut—on the market relative to the demand. Increased production by non-OPEC countries, such as Mexico, have supplemented world supplies of oil. Prices declined further because some of the smaller OPEC nations, such as Nigeria and Indonesia, have had to keep their export sales up to pay for their economic development. As a result, they have been undercutting the official OPEC price to increase their own sales of oil. In addition, industrialized countries have reduced their need for oil by improving energy conservation programs and by substituting other energy sources.

Reagan's Energy Policies. President Ronald Reagan had a different energy philosophy from his predecessor, Jimmy Carter. He agreed with Carter that oil and gas prices should be deregulated and that the United States should produce more of its own oil. However, Reagan said that the best way to produce more energy was for the government to stay out of the energy business and let the marketplace decide what energy resources it wanted and when to develop new technologies, such as solar energy and synthetic fuels. With oil prices falling and oil reserves increasing, Congress, for the most part, agreed with President Reagan and reversed many of Carter's energy policies. In the last several years, Congress abolished the Synthetic Fuels Corporation and the Solar and Conservation Bank, repealed the windfall profits tax, revoked tax credits for energy-saving homeowners, and allowed states to raise the speed limit to 65 miles per hour on rural interstate highways.

Current Issues

Should the Government Be Involved in the Energy Business? Since the first energy crisis in 1973, many Americans have debated the proper role for the government in energy. Both Presidents Nixon and Carter enlarged the role of government in regulating the prices, distribution, and

This solar power plant near Barstow, California, consists of 1,800 reflecting mirrors which surround a central receiver installed on a high tower. Although solar power is renewable and nonpolluting, it is still expensive to produce on a large scale.



Department of Energy

overall supply of energy and in making plans to guard the country against future energy crises. On the other hand, President Reagan believed that reducing the government's role in energy policy actually protected the United States from an energy crisis.

Those who support reducing the federal role in the energy business argue that the price and supply of energy should be determined solely by market conditions. If a source of energy is in short supply, then it will have a high price, which in turn will encourage increased development of that energy source or the sale of less expensive alternatives. Supporters of the free market say that the current oil glut proves the effectiveness of the private market system. When government allocation and price controls were lifted, the market—through supply and demand—established the price for oil and gasoline. When the price became too high, Americans began buying smaller, more fuel-efficient cars and insulating their homes to conserve energy. When demand went down, so did the price, giving us the lower prices we have today. In addition, free market advocates believe that when the day comes that oil is truly in short supply and very expensive, its high price should then make it more worthwhile for businesses to develop energy alternatives such as synthetic fuels or solar energy.

Supporters of government action note that the free market is rarely "free." For example, the American energy crisis of the 1970s was a result of outside political actions over which market conditions had no control. In that case, oil-exporting countries were able to manipulate the market to get the prices they wanted. Government regulation helped overcome the energy crisis by reducing demand faster than market forces could. The government did this through tax incentives that encouraged home insulation before the prices peaked and through regulations that required improved gas mileage in cars. Advocates of

The Shape of Things to Come?

Only 5 percent of the world's oil reserves are in the United States, while more than 80 percent are in OPEC countries. Nearly 70 percent of the oil reserves are in the Middle East. By the end of this century, the United States may be importing as much as 60 percent of its oil needs—at a cost of $200 billion each year—and most of the oil will come from the Middle East.

government regulation believe that the government should regulate energy consumption to prevent wastefulness so that another energy crisis will not catch the nation off guard. Furthermore, by developing energy alternatives now, the government can ensure that the country has other energy sources to fall back on when oil supplies run out, thus preventing economic chaos.

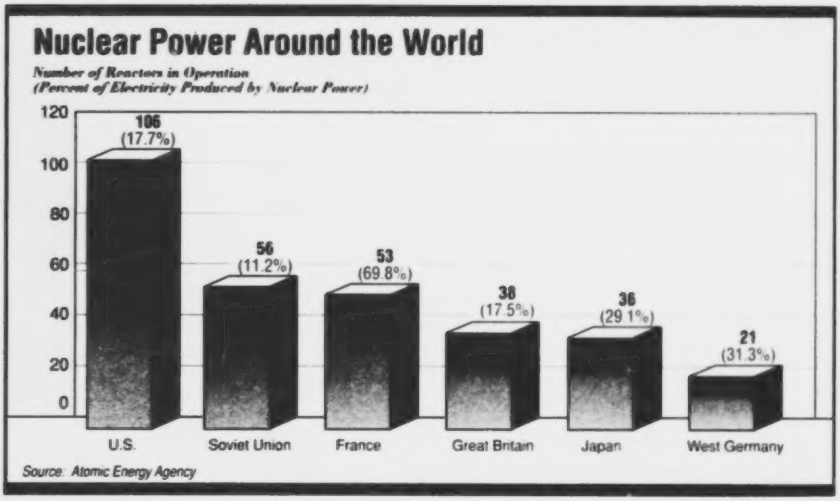
Coal. The United States has already begun to use more coal as an oil substitute, especially in electricity production. But increasing the use of coal has serious drawbacks. First, the burning of coal is viewed increasingly as one of the leading causes of acid rain. Acid rain has been blamed as a major contributor to the death and disease of trees; the acidification of lakes; the accelerated corrosion of bridges and buildings; and the destruction of outdoor art treasures (especially in Europe). Other drawbacks to coal include health and safety hazards to miners working underground, environmental damage from strip mines, and the difficulty of transporting it.

Supporters of coal, including President Bush, say that it is too valuable an energy source to ignore. Coal costs 60 percent less to produce than oil and 30 percent less than natural gas. Furthermore, recent environmental and mine safety laws have helped reduce some of the dangers associated with its use. Because of the 1970 Clean Air Act, proponents contend that sulfur pollutants have declined 25 percent overall in the last decade, despite a 50 percent increase in coal consumption, and are expected to decline further as old coal-fired power plants are retired during the next thirty years. Federal laws have also led to the restoration of the landscape that had been strip-mined and to the reduction of coal mining deaths by two-thirds.

The Decline in Nuclear Power

Since 1978, the United States has not begun construction of any new nuclear power plants. In addition, construction has been halted on 114 plants in the last fifteen years.

Nuclear Energy. Most energy experts predict that by the 1990s the United States will not have



Nuclear Power Around the World

Number of Reactors in Operation
(Percent of Electricity Produced by Nuclear Power)

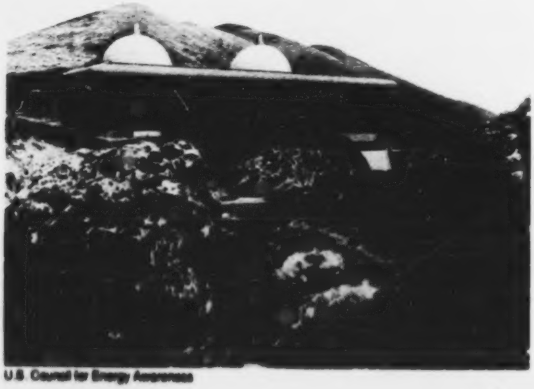
Source: Atomic Energy Agency

The United States has the most nuclear power plants in the world, but only a small percentage of the nation's electricity comes from them. France, on the other hand, has half the number of plants as the United States, but produces more than four times the electricity from nuclear power.

enough electricity to meet the demand. The nuclear power industry has urged the government to build additional nuclear reactors immediately to meet the needs of energy consumers. However, opposition to nuclear energy is strong. Most of the opposition has focused on the safety of reactors and the safe disposal of nuclear waste. Critics of nuclear energy fear that a serious accident—for example, a meltdown of the fuel rods, a rupture of the reactor vessel, and the release of radioactive gases into the air—could possibly kill thousands of people and damage the surrounding area for hundreds of years. The nuclear industry argues that the chances of an accident are less than 1 in 10 million, requiring the failure of every automatic safety device. But critics say that the odds are not so great. Although reactors are equipped with numerous safety devices and backup systems, critics charge that these devices are not designed to handle simultaneous failures in the system. They point to the Chernobyl nuclear power plant in the Soviet Union and the Three Mile Island plant in the United States as evidence of the risks inherent in nuclear technology.

Despite the concerns of antinuclear groups, nuclear officials stand on the industry's record. They note that the industry has more than 1,100 plant-years of operating experience, and that during that time not one person has died from a nuclear accident in a nuclear power plant, not even at Three Mile Island. They say that a nuclear accident such as the one that happened at Chernobyl could not happen here. Proponents of nuclear power also argue that other energy sources are more injurious than nuclear power. For example, many people die or are injured each year in coal mining accidents and oil tank explosions. In addition, air pollution, caused by the burning of fossil fuels, is especially dangerous to many older people and people with lung diseases.

Is There an Energy Crisis? Perhaps the biggest issue surrounding energy today is the question of urgency. Nearly everyone agrees that the diminishing source of oil is a problem. But few agree on the severity of the problem. Some people say that the energy crisis is over. Through conservation efforts, deregulation of the oil industry, and increased production of domestic oil and gas, America is now energy-efficient. The crisis has



U.S. Council for Energy Awareness

Many people see nuclear power plants—such as this one near Diablo Canyon, California—as the nation's answer to future energy needs. However, public concern over the possibility of deadly accidents has caused many power companies to cut back on the construction of nuclear plants.

passed because the American public is more aware of the need to save energy.

Critics of this view say that falling oil prices and the oil glut have lulled Americans into a false sense of security. Oil reserves are still limited and could run out within fifty years. To prepare for this, these critics claim that the government should continue to regulate the energy industry to ensure that alternative energy sources are developed.

Outlook

During the last nine years, the government removed itself from making energy policy. President Bush wants to keep it that way. He believes that the market should dictate energy policy for the United States. Bush has proposed deregulation of the natural gas industry to encourage production and to lower prices. President Bush also wishes to reduce U.S. dependence on foreign oil by encouraging oil exploration in this country through tax incentives and by using nuclear power and coal as reliable alternatives to foreign oil. Many agree with this approach because it is cost effective for the government and follows the rules of free market enterprise. Others disagree, claiming that the government can best prepare the nation for future energy crises by developing alternatives now. Only time will tell which of these views is right.

The Debate Energy

Should the Government, Rather Than the Free Market, Dictate Energy Policy for the United States?

PRO

The prospect of future energy shortages requires government action. The Bush administration can start now, before another energy crisis, to work on future alternatives. It can plan ahead so that all segments of the economy—including the poor—receive their fair share. Also, during temporary energy surpluses, the government can ensure that the country continues to conserve the world's limited energy reserves. The country has already benefited from laws requiring better gas mileage in cars and from encouraging energy-saving investments.

CON

Government regulation of energy is a cause of our energy problems, not a solution. When the government regulated the price of oil, oil companies lacked the incentive to drill for oil in the United States and instead increased the country's dependence on foreign imports of oil. Now that price controls have been removed, the free market has responded by providing as much oil as the country needs. When supplies of oil eventually dwindle, the free market will promote development of alternative energy sources to fill the gap.

Should the United States Increase Its Use of Coal?

PRO

The advantages of coal far outweigh its disadvantages. First, the United States has a huge reserve of coal; it will be at least 200 years before we run out. Second, coal is cheap, costing less than both oil and natural gas. Uncontrolled, coal may have an adverse environmental impact, but government regulations will reduce the threat. Already regulations have succeeded in lowering the amount of air pollution from coal despite a 50 percent increase in its use.

CON

When coal producers talk about the low price of coal, they forget to mention the high cost of acid rain on the environment and public buildings or the costs of greater pollution to human health. Coal is just one alternative to oil. We should look to solar and nuclear power to help supply energy, and we should continue to conserve as much energy as we can. We should not jump to use more coal without examining the full costs involved.

Should We Build More Nuclear Power Plants?

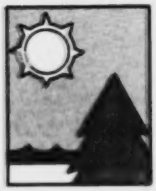
PRO

The country could find itself short of electricity in just ten years. Nuclear power plants can fill that demand best. Nuclear energy is safe. It does not pollute the air, and no one has ever been killed in a nuclear accident in the United States. While nuclear waste is dangerous, it poses little threat to the public when buried in leakproof containers thousands of feet underground.

CON

The problems with nuclear power are simply stated. First, nuclear reactors are expensive to build and have been plagued with cost overruns. Second, nuclear reactors are very complicated; a combination of breakdowns could occur and overwhelm a reactor's safety features. And third, nuclear waste poses a serious hazard if it leaks into the ground water as toxic wastes have.

Environment



At one point in our nation's history, pollution was viewed as a sign of progress. Thick black smoke rising from a factory smokestack symbolized jobs and prosperity for a community. People accepted foul-smelling air or a polluted river as the price they paid for economic growth.

In time, that view changed. No longer a symbol of success, pollution became a threat and a burden. In the 1970s, Congress passed a variety of laws to control pollution. This legislation helped revive once-dead rivers and lakes, improve overall air quality, and save some species of animals from extinction. But serious problems remain. Toxic chemicals leak into the soil and poison underground water supplies. Thousands of tons of nuclear waste await permanent storage. Many cities do not meet the government's standards for air quality. And harmful chemicals are destroying the earth's ozone layer, which protects humans from the cancer-causing ultraviolet rays of the sun.

President George Bush promises to tackle environmental problems such as water pollution and acid rain. However, the cost of cleaning up the environment runs into billions of dollars. Many people wonder how much protection the taxpayers can afford before high costs and environmental regulations constrain economic growth and development, which caused the problems the nation is now struggling to solve. Balancing these concerns against the desire for a clean environment will be a major challenge for the president.

Key Questions

- **Should economic considerations take priority over environmental issues?**
- **Should the United States act to reduce acid rain?**
- **Should polluters pay the cost of environmental cleanup?**

Background

Dangers to the Environment

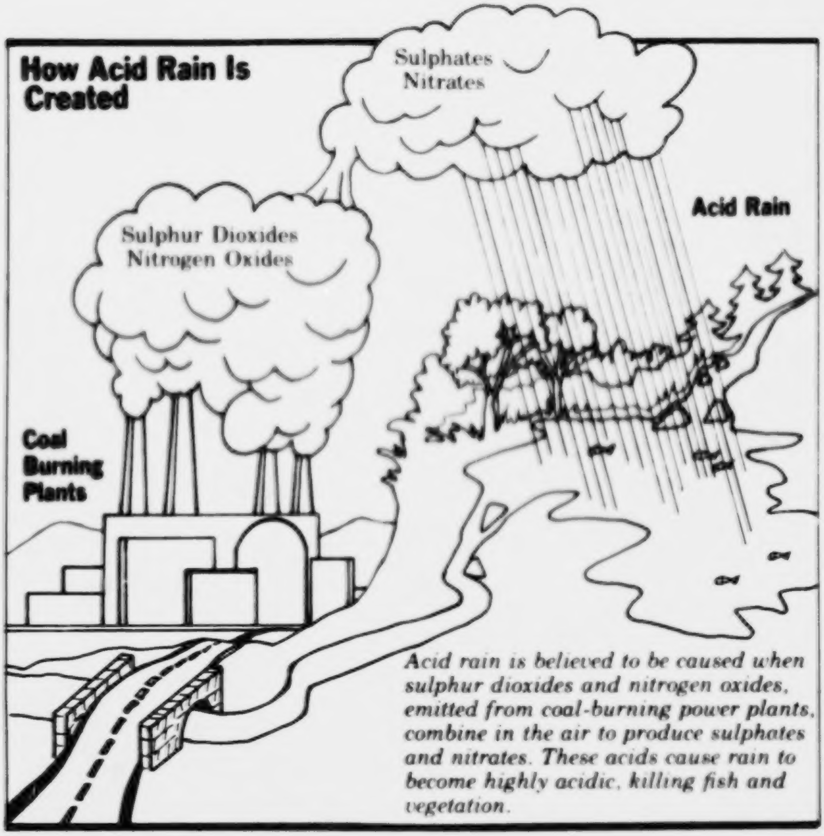
Air Pollution. The air we breathe contains many pollutants, including soot, ash from burning coal, and lead from gasoline. Even low levels of dust, soot, and ash can cause acute breathing problems for sufferers of chronic bronchitis and asthma. Less visible, but more dangerous, are the gases of sulfur dioxide, carbon monoxide, carbon dioxide and hydrocarbons. Too much carbon monoxide—emitted by cars—causes dizziness and nausea, impairs judgment, and places stress on the heart. Carbon dioxide is not immediately dangerous, but it poses a long-term threat. During the last 100 years, the level of carbon dioxide in the atmosphere has risen dramatically, causing a "greenhouse effect." The carbon dioxide traps the sun's heat, thereby raising the earth's temperature.

UPI/Bettmann Newsphotos

The air we breathe contains many pollutants—including soot, particles of ash from burning coal, lead from gasoline, and gases such as carbon monoxide. Since the early 1970s, Congress has passed a series of laws to reduce air pollution.

The greenhouse effect could lead to serious environmental problems. According to scientists at the National Aeronautics and Space Administration (NASA), temperatures just a few degrees higher than normal would melt the polar ice caps and flood coastal areas, turn productive farmland into desert, and alter weather patterns around the world. A report by the Environmental Protection Agency (EPA) states that world temperatures could increase 3.6 degrees Fahrenheit by the year 2040 and 9 degrees by 2100. The EPA report says that the greenhouse effect is irreversible.

Other greenhouse gases called chlorofluorocarbons, or CFCs, also destroy the earth's ozone layer. Ozone is a gas that is distributed in a thin layer in the earth's atmosphere. Ozone shields the earth from the dangerous ultraviolet rays of the sun. Increased exposure to ultraviolet radiation weakens the body's immune system, causes skin cancer and eye damage, and destroys crops. CFCs



How Acid Rain Is Created

Acid rain is believed to be caused when sulphur dioxides and nitrogen oxides, emitted from coal-burning power plants, combine in the air to produce sulphates and nitrates. These acids cause rain to become highly acidic, killing fish and vegetation.

are a family of chemicals that are often used in refrigerators, air conditioners, cleaning solvents, and aerosol spray cans. CFCs can exist in the atmosphere as long as 100 years. The United States has taken some steps to control these chemicals. In 1978, the U.S. government outlawed CFC-propelled spray cans. Ten years later, it signed a United Nations agreement to reduce the use and production of CFCs in the United States.

Acid Rain. The effects of air pollution are apparent in another form in the northeastern region of the United States and in Canada. In these areas, rainfall has become highly acidic. Although the causes of "acid rain" are in dispute, most scientists believe that acid rain is the result of sulfur dioxide and nitrogen oxide (released by coal-burning power plants, factories, and automobiles) being transformed into sulfate and nitrate. When combined with moisture in the air, sulfates and nitrates become acids and fall to earth as acid rain. Acid rain increases the acidity of soil, streams, and lakes, making them less habitable for plants and animals. In Europe, where coal has long been a major source of energy, large forests have begun to wither, and hundreds of lakes in Scandinavia have become so acidic that they no longer support fish. Acid rain also damages buildings and bridges, forcing governments and private owners to accelerate plans for renovation or replacement of many of these structures.

Acid rain has become an international issue. Emissions of sulfur from coal-burning plants in one country can travel across international borders, causing acid rain problems in other countries. For example, Canada has protested to the U.S. government that a large share of its acid rain results from pollution produced in the United States. This issue has strained normally warm relations between the United States and Canada.

Water Pollution. The two major water pollutants are organic waste and chemical waste. Organic waste removes oxygen from the water, suffocating fish and producing bacteria that release noxious gases. Chemical waste—such as pesticides, acid residues, dyes, and some chemicals from factories—kills marine life outright.

During the 1960s, water pollution in the United States was severe. Industrial pollution accounted for some of the problem. Arsenic was found in the Kansas River. Mercury pollution halted fishing along the shores of Lake St. Clair on the Canadian border. Industrial pollution killed millions of fish in Lake Superior, and fishing and swimming were banned in Lake Erie. Organic waste also contributed to water pollution. In many cases, raw human sewage was being dumped untreated into lakes and streams.

Nuclear Waste. Many nuclear materials are highly toxic and take thousands of years to lose their radioactivity. The problem is how to safely dispose of nuclear waste. If liquid nuclear waste is buried in cans, the cans might someday leak radioactive material into the soil and the water table. Dumping nuclear waste containers in the ocean presents a similar problem. Although disposal technology is excellent and no one has yet been harmed by nuclear waste, there are no guarantees that it will never pollute the environment. Today, more than 77,000 tons of highly radioactive nuclear waste from weapons production remain in temporary storage awaiting the establishment of permanent nuclear waste depositories. In addition, radioactive fuel from nuclear power plant reactors is being stored temporarily in cooling pools at the plants.

Hazardous Waste

According to a report by the National Council on Public Works Improvement, each year American industries produce two tons of hazardous waste for every person living in the United States. The chemical industry produces more than half of this waste.

Toxic Wastes. Toxic wastes are the poisonous or *carcinogenic* (cancer-causing) chemical compounds that remain after the production of chemicals, metals, and plastics. As the largest producer of chemicals in the world, the United States also generates the largest amount of toxic waste, as much as 400 million tons a year.

Unlike nuclear wastes, some toxic wastes can be broken down into relatively safe substances by burning them or treating them chemically. But for many years, toxic chemicals were dumped into pits, ponds, and landfills. In some places, the chemicals soaked into the soil and filtered into the water table. In Niagara Falls, New York, a neighborhood called Love Canal was built over a toxic chemical dump. Many Love Canal residents—

UPI/Bettmann Newsphotos

Urban runoff contaminates water reserves when pollutants such as oil, dirt, bacteria, toxic materials, pesticides, and fertilizers are washed off streets and yards by heavy rains and flushed through sewer systems. The EPA is moving to regulate urban runoff, but some experts say control measures may cost billions of dollars.

especially children—became ill. The government later bought their homes, and sections of the neighborhood were permanently closed.

Today, the EPA has strict rules for dumping toxic waste. For example, all toxic waste must be placed in licensed landfills that have lined bottoms to prevent chemicals from leaking into the soil. Toxic dumps must also have "monitoring wells" to check for leaks, and operators must carry enough insurance to pay for $6 million in cleanup costs every year. These last two requirements, which took effect in November 1985, put more than half of the nation's toxic dump sites out of business. But an estimated 29,000 old or illegal toxic waste dumps still pose a threat to public health.

Pesticides. Pesticides kill certain insects and plants. But some pesticides have entered the food chain. After a pesticide is sprayed, it can remain potent for a long time, staying on the leaves of plants, washing into rivers and lakes, or seeping into groundwater. Some pesticides that animals ingest are absorbed into their tissues. Eventually, some of these chemicals reach humans through the food they eat.

In some cases, pesticides are counterproductive. For example, high concentrations of DDT impair the reproductive functions of birds. When DDT usage peaked during the 1950s and 1960s, the number of birds in the environment suddenly decreased, which in turn, led to an increase in the number of harmful insects that would otherwise have been eaten by the birds.

The EPA has banned a number of pesticides, including DDT, that are believed to be harmful to the environment. However, many other countries continue to use them, and food imported into the United States sometimes contains traces of hazardous chemicals.

Urban Runoff. Urban runoff occurs when backyard pesticides, fertilizers, oil, bacteria, and toxic metals are washed off streets and yards or flushed through sewer systems. These pollutants enter the environment from many, often distant sources, but their effect is strong. Urban runoff accounts for almost 20 percent of the toxic lead in the Chesapeake Bay. In Huntington Harbor, California, high levels of toxic manganese, lead, and zinc from inland runoff have been found in shellfish. The EPA is moving to regulate urban runoff, but local governments say control measures might run to billions of dollars, not including cleanup costs.

Major Legislation

Endangered Species. The Endangered Species Act of 1966 made it illegal to kill, for sport or for profit, certain animals or plants believed to be on the verge of extinction. However, some people believe the act should allow exceptions when protecting a species harms the public good. For example, the act temporarily blocked construction of the Tellico Dam in Tennessee to protect a rare fish called the snail darter. Today, more than 1,000 species are on the endangered list.

Environmental Impact Studies. The National Environmental Policy Act of 1969 established a national goal to create and maintain "conditions under which man and nature can exist in productive harmony." The most far-reaching provision of the act required all federal agencies to write reports detailing the potential impact of their future activities on the environment. By delaying some projects, environmental impact studies have often prevented government action from having disastrous environmental consequences.

Will the Birds Still Sing?

In 1962, Rachel Carson published *Silent Spring*, a book condemning the widespread use of pesticides. Carson charged that pesticides were polluting the environment and could decimate the nation's wildlife. She warned of a "silent spring" in which no birds would be left to sing. Carson's book helped launch the environmental movement in the 1960s and led to tighter controls on pesticide use.

Creation of the EPA. In February 1970, President Richard Nixon sent Congress a major program for cleaning up the environment. Nixon followed that message with a plan to establish the Environmental Protection Agency, which would allow "coordinated and effective government action on behalf of the environment." Before the EPA was established, forty agencies and departments oversaw environmental regulations.

Air Pollution. The nation's principal air pollution control law, the Clean Air Act, was passed in 1970. The act set deadlines for a 90 percent reduction of certain pollutants from new automobiles and also established pollution controls for factories, oil refineries, smelters, iron foundries, and power plants. In addition, the EPA was required to set air quality standards for the nation. The federal government authorized money to help states pay for their antipollution efforts.

In 1977, Congress established a new timetable for meeting the goals of the 1970 Clean Air Act. The auto industry has already met or exceeded most of those goals. However, many cities have still not met national standards for air quality. Nevertheless, the White House Council on Environmental Quality credited the Clean Air Act with a remarkable overall improvement in the nation's air quality since 1970.

Water Pollution. In 1970, hundreds of industries and more than 1,400 communities were dumping untreated sewage into rivers. Although Congress had already taken some action to clean up the nation's rivers, the most effective legislation was the Federal Water Pollution Control Act of 1972. The act set a national goal of making all waters safe for fish, wildlife, and people by 1985.

Congress later passed the 1974 Safe Drinking Water Act, which authorized the EPA to set maximum levels for contaminants in drinking water systems, and the 1977 Clean Water Act, which amended the Federal Water Pollution Control Act.

Since 1977, federal, state, and local agencies have spent more than $100 billion on cleaning up rivers and lakes. As a result, according to the Council on Environmental Quality, the nation's rivers and lakes are achieving the Clean Water Act's goals.

In 1987, Congress approved a new Clean Water Act, overriding President Ronald Reagan's veto. The act includes $18 billion to help local governments build sewage-treatment plants and another $2 billion to clean up lakes, rivers, and estuaries.

Toxic Substances. Congress enacted the Toxic Substances Control Act in 1976, which gives the EPA the power to ban or regulate dangerous substances not covered by other regulatory safeguards and to test new chemicals and substances before they are manufactured.

After the events at Love Canal, Congress passed the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, which created the Superfund program. Superfund was to be used to pay for the cleanup of hazardous waste sites and any future toxic chemical disasters. The company responsible for the disaster would eventually assume the costs, but the Superfund would pay most of the initial cleanup costs.

In 1986, Congress allocated $6 billion to renew the Superfund program. At the same time, Congress set new standards for the removal of toxic wastes, required the EPA to start cleanup at 375 new dump sites by 1992, extended legal protection to victims of diseases caused by toxic wastes, and required chemical firms to report the release of cancer-causing substances into the environment.

Environmental Protection Agency

Farmers and ranchers in the United States use more than six hundred different pesticides and other chemicals to control disease, fungus, and insects. The effects that many of these pesticides have on people are not known. To date, the EPA has reviewed only about forty pesticides to determine the health risk to humans.

Pesticides. The registration and use of pesticides are regulated by the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). The EPA evaluates the potential health risk of the more than 600 pesticides currently used by the food-processing industry to protect dairy products, meats, vegetables, and fruits from disease, mold, and insects. But the evaluation process used by the EPA is cumbersome—since 1972 the EPA has evaluated only a fraction of the pesticides submitted for review. At its current rate, the EPA would not finish evaluating all pesticides currently in use until well into the next century.

Nuclear Waste. In December 1982, Congress passed legislation establishing a national plan for the disposal of highly radioactive nuclear waste. The new law set up a timetable for establishing a permanent, underground repository for nuclear waste by the mid-1990s. Until the repository is opened, the law permits the government to establish temporary storage facilities.

In 1984, the Department of Energy selected three sites west of the Mississippi River for consideration as permanent repositories for nuclear waste. The sites were Deaf Smith County, Texas; Yucca Mountain, Nevada; and Hanford, Washington. After three years of debate, Congress named Yucca Mountain, Nevada, as the location for the nation's first permanent nuclear waste storage facility.

Current Issues

Balancing Environmental and Cost Factors. Most environmental issues today are conflicts between two schools of thought. One school argues that our nation's natural resources should be strictly protected because even small changes in our ecological system could have serious consequences for future generations. The other school of thought argues that, although protecting the environment is worthwhile, the cost of such efforts should be weighed against the benefits. The conflict lies in determining what level of pollution is acceptable and whether the cost of maintaining that level is affordable.

Acid Rain. The issue of acid rain illustrates the difficulty of balancing environmental standards with economic costs. Several recent studies recommend that sulfur emissions be reduced by 50 percent to prevent serious environmental damage due to acid rain. To achieve this standard, coal-burning power plants and factories would have to install expensive antipollution equipment—called scrubbers—on their older smokestacks. (Federal laws already require such equipment on all new power plants and factories.) Or power plants could choose to buy low-sulfur coal, mined in the western United States, instead of the high-sulfur coal mined in the East.

The issue is controversial. Utilities and other coal-burning interests argue that installing scrubbers would be expensive—costing as much as $6 billion. Those costs, normally passed on to consumers, could increase utility bills significantly in some states. Moreover, cutting sulfur emissions could create other serious economic costs such as the loss of jobs in heavy industries and high-sulfur coal mining. The coal industry argues that less expensive alternatives, such as dumping lime into

Environmental Protection Agency

Improperly disposed toxic waste can poison the topsoil and underground water supplies. In 1980, Congress gave the EPA the job of finding and cleaning up thousands of toxic waste dump sites.

lakes to make them less acidic, should be considered. They also recommend further research to determine the exact causes of acid rain and inexpensive ways to combat it.

Environmentalists dispute the argument that the economic costs outweigh the environmental benefits of reducing sulfur emissions. They say environmental costs are high, affecting human health, forests, lakes, and wildlife. Moreover, pollution from the United States harms Canada's timber industry and wilderness areas, causing diplomatic problems between the two nations.

Toxic Waste. Almost everyone agrees that toxic waste sites must be located and cleaned up. But who should pay the cost of cleaning up the waste, and who should compensate people whose homes were contaminated by toxic wastes?

The Superfund legislation says that dumpers should pay for the cleanup, but that until they begin work, the EPA should start the cleanup using monies collected through a special tax on oil and chemical companies. Under Superfund, persons who feel that they have been harmed by toxic wastes have the right to sue the manufacturers who created the hazard.

Supporters of Superfund agree that those who created the hazard should be forced to pay. However, finding the guilty parties is not always easy. Many toxic waste sites are more than twenty years old, and records about what was dumped or who deposited the wastes may not exist. In addition, some companies that dumped pollutants years ago are no longer in business. As a result, the government cannot recoup its expenses for the cleanup, and injured persons cannot sue a company they cannot identify. Who, then, should pay the costs? One proposal is to use general tax dollars to pay for both cleanup and victim compensation. Another proposal is to enlarge the Superfund by increasing taxes on manufacturers.

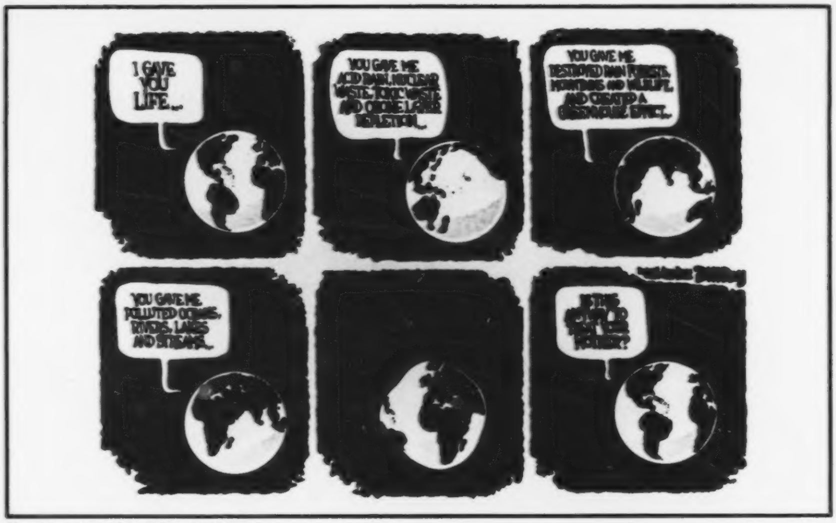
Pollution Standards. Congress has struggled with the problem of balancing environmental standards against the cost of environmental regulation since 1970. In general, environmental regulations have improved the environment. Yet a new question has arisen: Should states and industry be required to lower pollution levels even more?

Many industrialists oppose further tightening of the laws. They say that it is unrealistic to try to eliminate all the risks in the environment and that this is the price Americans pay for living in a technologically advanced society. New antipollution equipment could cost millions of dollars to install, reducing the amount of money available for improving the productivity of factories. Before any new legislation is enacted, the government should carefully weigh the cost of a program against its potential benefits.

Moving Away from Toxic Wastes

According to the Federal Emergency Management Agency, the government has relocated nearly 5,000 Americans who lived near dangerous toxic dump sites.

Others argue that the goal of environmental laws should be to provide the most healthful environment possible. Environmentalists argue that strict standards will not strain the economy too much, since expected improvements in technology will reduce the cost of hazard detection and control. Furthermore, antipollution standards have


I GAVE YOU LIFE...
YOU GAVE ME ACID RAIN, NUCLEAR WASTE, TOXIC WASTE AND OZONE LAYER DEPLETION...
YOU GAVE ME DESTROYED RAIN FORESTS, MOUNTAINS AND WILDLIFE, AND CREATED A GREENHOUSE EFFECT...
YOU GAVE ME POLLUTED OCEANS, RIVERS, LAKES AND STREAMS...
IS THIS ANY WAY TO TREAT YOUR MOTHER?

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created a new industry. According to a study by the Natural Resources Defense Council, the Clean Air Act indirectly created some 200,000 jobs for people manufacturing or operating pollution-control equipment. In addition, the act has saved billions of dollars annually in economic and health benefits by preventing environmental damage and disease. The authors of the study claim that the benefits from this act far outweigh the costs to regulated industries.

Use of Federally Owned Land. The Department of the Interior controls 341 million acres of federal land. Underneath that land lie about 33 percent of the nation's coal and as much as half of the nation's oil and natural gas reserves. Some of the nation's land has been leased to private business interests for developing timber; extracting oil, coal, or other mineral resources; and for grazing cattle or sheep. For years, many people have looked upon resources located on protected federal lands as reserves for the long-term future. During the 1980s, however, some people encouraged the government to open up federal land to private developers, in part to fulfill the country's energy needs.

Environmentalists urge caution when granting development rights on federal lands or waters. Many endangered animals, such as the grizzly bear, live on this land. Building roads and clearing forests would disrupt their habitats. Furthermore, development can damage water quality and increase soil erosion. Other critics of developing federally owned resources argue that the resources should be saved for future crises, such as war or a minerals embargo.

Supporters of development point out that the country has had to import large amounts of oil and such minerals as chromium and cobalt, which could have been taken from federal lands. Considering its large trade deficit, the United States cannot afford to ignore resources in its own backyard. Moreover, development supporters contend, the search for and development of these resources must begin now; there will not be time to extract them when an emergency arises.

Outlook

Great strides have been made during the last fifteen years, but the United States still has serious environmental problems, especially in dealing with toxic waste, acid rain, and air pollution. President Bush believes the government should encourage industry to develop technological solutions to these problems. New fuels and new ways to burn them may help reduce pollution from cars, factories, and power plants. Many members of Congress support increased spending to protect the environment, but the size of the federal budget deficit may mean that less money will be available than in the past. Congress will have to balance the monetary costs against the benefits of a clean environment.

The Debate Environment

Should Economic Considerations Take Priority over Environmental Issues?

PRO

Although a clean environment is important, excessive regulations hurt the economy. The United States must provide jobs, expand industry, and compete with foreign businesses that are not constrained by tough regulations. The cost of meeting environmental standards is too high.

CON

Environmental regulations have improved the air and water quality without ruining the economy. In fact, the antipollution industry has created jobs. Without regulations, the cost in health and economic losses would far surpass the cost of enforcement.

Should the United States Act to Reduce Acid Rain?

PRO

Acid rain is destroying forests and lakes in the northeastern United States and in Canada. The increased damage to buildings and bridges is expensive to repair. We should cooperate with Canada, whose timber industry is threatened by pollution generated in the United States, to reduce acid rain. It is the price Americans must pay for having a sound environment.

CON

The causes of acid rain are not fully understood. Proposals to reduce acid rain are far more expensive than repairing the damage caused by acid rain. Americans cannot afford higher utility rates, and the United States should not decrease its use of a domestic source of energy—coal—to reduce acid rain. The government should study the problem more before committing billions of dollars to programs that may not work.

Should Polluters Pay the Cost of Environmental Cleanup?

PRO

The American taxpayer should not have to pay for the mistakes of polluters. The government cannot allow industries to pollute the environment without penalty. Proper cleanup of environmental hazards is one of the costs of doing business and not a cost that can be passed along to the public through higher taxes or health risks.

CON

One way or another, the cost of cleaning up the environment will fall on American citizens. Companies will either pass on the expense to consumers through higher prices, or they will go out of business, leaving the government to pay. The government is the best and most reliable agent to clean up toxic waste.

Agriculture

Each year the federal government spends about $15 billion on agricultural programs. The government loans farmers money, pays them subsidies when the market price of crops drops below a guaranteed level, and actually pays them not to farm some of their land in order to curb food surpluses. In addition, the government provides funds to help farmers during difficult times. For example, Congress approved a $3.9 billion plan to help farmers who lost more than 35 percent of their crops because of the drought in 1988.

Some experts say that the government's farm programs should be stopped or substantially reduced. They claim that farm subsidies distort agricultural prices. Farm subsidies drive up government spending, encourage farmers to produce too much, and lower market prices so that only government-subsidized farmers can make a profit.

Many farmers oppose reductions in federal subsidies. They say they need government support to continue farming, especially during hard times. During the 1988 drought, for example, many more farms would have gone bankrupt without extra government aid. Many people wonder who will grow tomorrow's crops if today's farmers cannot earn enough money to stay in business. President George Bush agrees that farm programs cost too much. He proposes to gradually phase out all agricultural subsidies over the next several years if other nations will eliminate their own subsidies. Members of Congress, however, are likely to oppose any cuts that could reduce farmers' incomes. The Bush administration will be challenged to keep farms profitable while keeping food prices low and reducing federal farm subsidies.

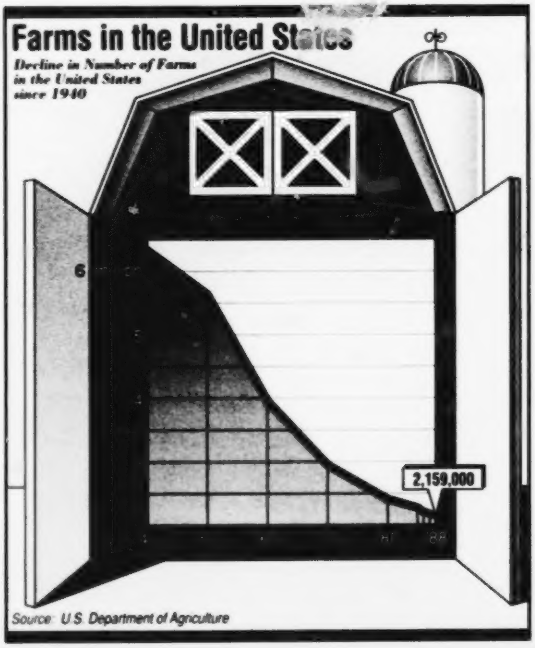
Key Questions

- Should the government end federal payments to farmers?
- Should the government help farmers compete in the international market?
- Should the government help farmers who cannot pay their debts?

Background

The Farm Industry

The Crisis of the Family Farm. The United States has lost more than 3 million farms in the last forty-five years. Today, fewer than 2.2 million farmers (about 1 percent of the total population) still work the land. Of these, only about 315,000 operate full-time commercial farms. Many people are leaving farming because of dramatic increases in the cost of production (i.e., equipment, fertilizer, and seeds), inflated land values, and a relative decline in the prices farmers receive for their produce. With the average age of the American farmer now more than fifty years, many wonder where the next generation of farmers will come from. Starting a farming operation is very expen-



Source: U.S. Department of Agriculture

Due to increasing costs and declining profits, the number of farms in the United States is falling. When the nation was founded more than 200 years ago, about 90 percent of the people in the United States were farmers. Today, about one percent of all Americans are farmers.

sive. Unless an individual is fortunate enough to inherit a farm, the initial investment can be as high as $700,000 for a relatively small farm.

In the past few years, more and more family farms have gone bankrupt, primarily because farmers must borrow large sums of money to operate. Then, after selling their produce, farmers must repay their loans. Low crop prices and high interest rates hurt farmers by requiring them to use a larger portion of their crops just to repay their loans. During the late 1970s, many farmers went deeply into debt to expand their farms so that they could meet the large demands being predicted for food exports. However, when the demand decreased, many of these indebted farmers were placed in great financial jeopardy. According to some experts, as many as 1,000 farmers declare bankruptcy every week.

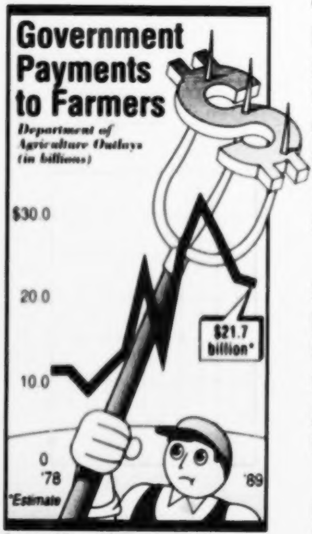
U.S. Department of Agriculture

Modern farming is a heavily mechanized, highly specialized industry. After figuring in the costs for seed, fertilizer, equipment, and personnel, the initial investment in starting even a small farm can be as high as $700,000.

Corporate Farms. The traditional family farm is losing ground to giant corporate-owned farms as economic pressures have forced small farmers out of business. Some 7,000 U.S. farms are owned today by corporations, which in turn are owned by stockholders or by larger corporations, such as food processors or suppliers. Some experts predict that in ten years large corporate farms could produce three-fourths of the nation's crops.

Corporate farms have several advantages over small family farms. Being large, they are more efficient. For instance, some corporate farms can grow a bushel of corn at one-third the cost to family farms. Corporations also have vast financial resources and tax advantages because of their corporate status.

The Role of the Government. During the Great Depression of the 1930s when thousands of farmers went bankrupt, the federal government stepped into the farm industry to protect farmers from sudden price changes and natural disasters and to stabilize food prices for consumers. Today many government programs benefit farmers. The government provides crop insurance and helps farmers learn new techniques. But the most significant programs stabilize prices by setting target prices, guaranteeing loans, and paying farmers not to farm some of their land. The cost to the government has been high. The Department of Agriculture distributed a record $26 billion to farmers in 1986 alone. In the following years, agricultural subsidies averaged between $10 and $15 billion.



Source: Office of Management and Budget

Most of the money Congress appropriates for agriculture goes to income support programs for farmers. A small portion ($783 million in 1988) goes toward research programs, including those designed to develop new theories on human nutrition.

Target Prices. Under the target price program, the government sets a minimum, or *target*, price that farmers will get for their products. The target price is based on a level below the expected market price. If the price dips below the target, the government pays farmers the difference between the market price and the target price.

The basis on which the government determines the target price is controversial. Many farmers want the government to determine the target price using the concept of *parity*—the price at which a certain amount of a crop will buy the same amount of goods and services as it did in 1910-14, the period considered the "golden age" of American agriculture. Farm groups often call for target prices set at 100 percent of parity.

Loans as Price Supports. Loans serve as a kind of price support. Using their crops as collateral, farmers can borrow money from the Department of Agriculture to pay for seeds, fertilizer, implements, or other farm materials. The government loans farmers money based on a rate set near the estimated average cost of production. (Actual costs vary greatly from state to state.) If the market price is below the loan price after harvest, farmers simply give the government their harvests. Otherwise, farmers repay the loan from their profits.

Set-asides. Set-asides are part of a government program that pays farmers not to farm part of their land. Such limits on production decrease supply and help curb the surpluses that price supports can cause. But set-asides only limit the number of acres used, not the amount grown on each acre. Supplies often increase despite set-asides because farmers have learned to produce more on the same amount of land.

The 1985 Farm Bill. After nearly a full year of heated debate, Congress passed the 1985 Farm Bill. This act established farm policy in the United States through the 1990 growing season. The legislation (1) lowered price supports for crops, (2) provided income support to farmers through federally funded loans, and (3) established strict soil conservation programs. Many members of Congress believe that this bill was responsible for an improvement in the agricultural economy.

U.S. Department of Agriculture

The drought during the summer of 1988 was one of the most severe in the United States in the last fifty years. Many farmers lost most of their crops, and the government was forced to allocate $3.9 billion to save many farmers from going out of business.

American Agriculture Today. Since 1986, the financial health of some American farmers has improved. As their incomes rose, some farmers were able to reduce their debts. By 1988, total farm debt had dropped to $143 billion from $193 billion in 1983. However, many farmers whose income fell because of the drought of 1988 were unable to reduce their debts. In addition, some experts say many farmers are too far in debt to survive. They say that the crisis in American agriculture will only be over when farmers no longer depend on federal subsidies.

Challenges Facing American Farmers

Global Competition. For a long time American farmers were the leaders in the world agricultural market. This is no longer true. Despite increases in U.S. farm exports in 1987, American farmers still face stiff competition from farmers in Western Europe and South America who have taken a large share of the world's agricultural markets. In Western Europe some farm products are still able to beat American prices because of high government subsidies. And in South America, since land prices and living standards are lower than in the United States and Europe, farmers have been able to grow food at low cost.

Overproduction. American farmers still produce huge amounts of food, resulting in large surpluses of a variety of goods. One reason for these surpluses is the increased land put into production during the 1970s. A second reason is price supports, which encourage more production since farmers are guaranteed a minimum price for their product. A third reason is that farmers cannot be sure that the price paid for their crops will be enough to cover the costs of production. Therefore, farmers produce as much as they can and hope to pay back their outstanding debts.

Soil Erosion. Farmers must constantly battle erosion of vital topsoil, surface soil rich in organic matter. Without good topsoil farmers must invest large sums of money in chemicals to keep their soil fertile. After declining for decades, soil erosion rates have recently been rising. The average rate of soil erosion today is approximately five tons of topsoil per acre per year, but some farmers lose as much as one hundred tons per acre per year.

Several factors contribute to the loss of topsoil. Ironically, the most significant factor may be improvements in the fertilizers, pesticides, seeds, and farm equipment that have helped farmers prosper. These improvements helped farmers bring more of their land into production, rather than allowing it to rest periodically and regain nutrients naturally. The rapid growth of farms during the 1970s also affected soil erosion because many farmers cut down trees, which help control erosion, to bring more land into production.

Since the dust bowl days of the 1930s, the government has sponsored a number of programs to encourage soil conservation among farmers.

Set-Asides

Each year the federal government pays farmers to keep 25 percent of the nation's cropland out of production.

Bureau of Reclamation/U.S. Department of the Interior

Farms compete with the growing cities of the West, including Los Angeles, Phoenix, San Diego, and others for limited water supplies. Many city leaders complain that open-ditch irrigation—such as what is being used in this lettuce field in California—wastes water needed by cities.

However, under soil conservation provisions of the 1985 Farm Bill, the government now has the power to penalize farmers who do not practice good soil management. The government can now limit federal farm price supports and other benefits to farmers who plow fragile lands or drain wetlands for crop production.

Water. Water remains a major concern to farmers in the West. Much of the country west of the Missouri River receives little rain. Described as the Great American Desert more than one hundred years ago, the land—through irrigation—now includes some of the nation's most fertile farmland. However, water shortages often threaten the prosperity of the region.

Farmers on the Great Plains irrigate their crops with water from a large underground source, or *aquifer*. But if they continue to use the aquifer at current rates, it could dry up completely in twenty to thirty years.

Farther west, farmers use water from streams and rivers to irrigate crops. But growing urban areas compete with farms for water. During the

1970s, the city of Denver built huge tunnels through mountains to divert water from the western to the eastern slopes of the Colorado Rockies to ensure that the city would have enough water for residents. Although Denver received permission from both state and federal officials, the diversion still angers farmers and ranchers in the western part of the state. In Arizona, the cities of Phoenix and Tucson compete with farmers in southern California for water from the Colorado River. Like Denver, Phoenix and Tucson have had a building boom but do not have adequate water supplies for their new residents and businesses. California farmers have fiercely opposed Arizona's attempt to complete the Central Arizona (water diversion) Project. Farmers complain that the Colorado River is already overused. Except during unusual floods, the Colorado River no longer reaches its natural mouth in the Gulf of California. City officials say that farmers waste too much water. They claim that farmers use four-fifths of the water used by the nation each year for irrigation.

Current Issues

Price Supports. Some people have called for an end to the price-support system that has been in effect for more than fifty years. Supporters of this view argue that the system is too expensive, especially in light of the government's huge budget deficit. They also complain that the system encourages overproduction—leaving the government and farmers with products that cannot be sold. As a result, the support system often fails to raise farm incomes. Other critics say that price-support programs have amounted to subsidies to highly vocal special-interest groups, including tobacco growers and dairy farmers. Independent economic researchers have pointed out that the current price-support system will not save many small- to medium-sized farmers from bankruptcy since most crop subsidies go to large, successful commercial farms.

Other experts believe that the government should not interfere in the marketplace, including agriculture. Supporters of this view argue that eliminating the government's presence in agriculture and leaving the fate of farmers to the free market would weed out inefficient farmers, leaving a tough, lean farm industry more capable of competing in the world market.

Farmers claim that drastic cuts would cause them great harm. They say that the world agriculture market is not a free market since it includes competitors whose products are subsidized by their governments. Furthermore, they argue that ending price supports immediately would be unfair since many farmers have long relied on the existing government system. Many farmers believe that the government should phase out price supports over a period of time to help farmers through the transition. President Bush agrees with gradually phasing out price supports, but only when foreign nations eliminate their own farm subsidies.

Part-Time Farmers

The Census Bureau reports that more than 70 percent of the nation's farms are owned by part-time farmers who earn most of their income in ways other than farming. These farmers account for only 10 percent of the country's farm produce sales and receive 18 percent of the government's agricultural subsidies.

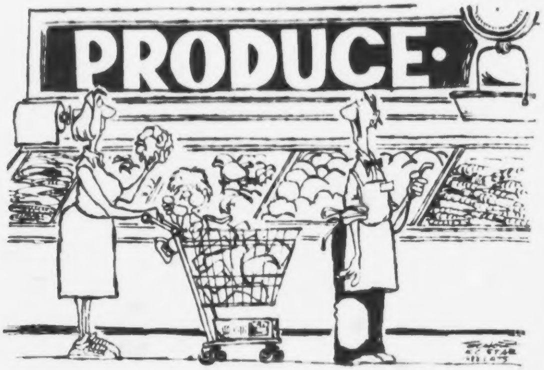
Family Farms. Some economists argue that small family-operated farms make no economic sense because large corporate farms are more efficient. But supporters of family farms point out that thousands of farmers are operating large, efficient farms, and many have incorporated their businesses. Furthermore, many of the farmers who could go bankrupt without federal assistance are efficient farmers who were in the process of building up to the corporate farm level when interest rates soared and land prices decreased. The supporters argue that these farmers could succeed if given a chance. However, according to farm lobbyists, if government support for farming is cut, any hope of saving most traditional family farms in their battle against corporate farms would be lost.

Price Supports

According to the Department of Agriculture, 60 percent of America's farmers produce crops eligible for federal price supports.

Maintaining Low Prices for Consumers. Most proposals to raise the income of farmers would raise food prices for consumers. Some policymakers believe that urban Americans can afford to pay a little more to improve the health of the farm industry. They note that Americans pay less of their income for food than do people in any other industrialized country. But consumers say that they are subsidizing farmers twice: once in their taxes to pay for farm price supports and again at the supermarket in higher prices for food. These subsidies amount to $126 a year for every American. Consumer advocates point out that in the unsubsidized poultry industry, chicken prices have come down almost one-third in the past two decades. But in the heavily subsidized dairy industry, cheese and milk prices have risen.

Farmers say there are sound reasons for consumers to back farm price supports. They note that by creating surpluses, the government has built up a reserve of food that protects consumers against the price increases caused by droughts, freezes,



"IF YOU HAVE TO ASK HOW MUCH... YOU CAN'T AFFORD IT..."

© 1988, *Kansas City Star.* Reprinted by permission of Los Angeles Times Syndicate.

insect infestations, or other natural disasters. Furthermore, farmers note that the low prices of subsidized imported food would disappear once American farmers left their farms because there would no longer be any competition. Consumer groups dismiss both arguments. They believe that the government could maintain price stability at a much lower cost than do current subsidy programs. Moreover, they note that government food stockpiles are so high already that much of the surplus food may never be eaten and will just spoil.

Outlook

American farmers faced tough times for most of the 1980s. Low prices for their crops and livestock, coupled with high interest rates, forced many farmers into bankruptcy. However, by 1987 there were signs that American agriculture was on the rebound. In large measure, massive federal subsidies were responsible for the recovery. However, many experts, including some farmers, fear that the agricultural industry is too dependent on the federal government. These experts say that Congress must search for other approaches that will ensure adequate incomes for America's farmers while keeping the price of agricultural products low for American consumers.

The Debate Agriculture

Should the Government End Federal Payments to Farmers?

PRO

Federal farm subsidies have cost the government billions of dollars. Along with the tremendous drain on the Treasury, the subsidies have failed. They have encouraged overproduction and discouraged cost controls. By ending federal payments, the free market will weed out inefficient farmers, leaving a lean, tough, and efficient farm industry.

CON

It is wrong to say that ending federal payments to farmers will weed out only the inefficient. The inefficient farmers were wiped out during the farm crisis of the early 1980s. The current farm crisis threatens to bankrupt some of America's most efficient and innovative farmers whose only mistake was to try to expand the size of their farms to meet the expected world demand for food. Federal payments ensure against severe crop failures and unfair competition from abroad.

Should the Government Help Farmers Compete in the International Market?

PRO

American farmers have been handicapped in competing in the international market. For instance, many nations have subsidized their agricultural industries to the point that their products are cheaper than ours. Only the federal government can equalize the competition. The government should continue to subsidize U.S. farmers and introduce measures that will lower the value of the dollar overseas.

CON

Government aid to farmers—specifically price supports—encourages overproduction. Giving subsidies to farmers only worsens the problem. U.S. farmers have to realize that they are no longer the most efficient food producers in the world. They have to make sacrifices to improve their efficiency just like everyone else.

Should the Government Help Farmers Who Cannot Pay Their Debts?

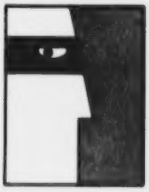
PRO

In the last several years, government policies encouraged farmers to increase their production to meet what was thought to be a growing demand for farm goods. When the demand did not materialize, the government abandoned the farmers and left them with too many crops, deflated land prices, and massive debts. The government created the farm crisis, and it is up to the government to solve it.

CON

It is time for the farmers of the United States to stop seeing the federal government as a bank. The government cannot afford to come to the aid of every farmer in America, and it cannot be held responsible for farmers' mistakes. Like other business owners, farmers must learn how to manage their businesses successfully rather than expect the government to bail them out every time they get into trouble.

Crime



Theft and violent crime affect millions of Americans each year. The National Crime Survey estimates that 80 percent of American households will be burglarized at least once in the next twenty years and that 80 percent of today's 12-year-olds will be victims or intended victims of violent crime at least once in their lives.

The causes of crime are difficult to pinpoint. Some believe that unemployment and poverty breed crime. Others say that increased drug use is the major reason for today's high crime rate.

Frightened by crime and shocked by the recent epidemic of drug-related offenses, the public is demanding that the police and the courts get tough with criminals. Larger and better-armed police forces are making more arrests, and judges are sentencing criminals to longer prison terms.

But tougher enforcement and punishment have overwhelmed the nation's prison system. Today, the U.S. prison population is growing by 750 inmates each week. Prisons are so overcrowded in some states that judges have ordered an early release for many of the inmates; until new facilities can be built, there is nowhere to house these prisoners. Thus, a cycle has been created in which criminals receive stiff sentences, go to overcrowded prisons, and then return to the streets before their sentences are up to commit more crimes.

The country faces many challenges if it is to lower crime rates. Federal and state governments are trying to solve overcrowding by building more prisons, but the problems of drug addiction, poverty, and unemployment remain. Some experts claim that until these three problems are solved, the crime rate will continue to increase.

Key Questions

- Should handguns be registered?
- Should the United States allow the death penalty?
- Should judges retain discretion in criminal sentencing?

Background

Crime in America. Crime affects a large segment of the population, touching 25 percent of American households in 1987. According to Bureau of Justice statistics, 34.7 million criminal offenses occurred in 1987. Contrary to popular belief, the typical victims of violent crime tend to be young—not old—and men—not women. For example, almost half of all robbery victims in the United States are under twenty-five. In addition, crime does not discriminate against economic status. Household crimes—such as burglary—are more likely to occur in homes with annual incomes of less than $15,000.

Family violence—crimes such as wife beating, child abuse, and abuse of the elderly—has long been common, but often goes unreported. The U.S. Department of Justice reports that only 52 percent of abused wives contact the police. Many victims refuse to press charges in these cases either because they do not want to send a family member to jail or because they fear reprisal. Furthermore, police will often not make an arrest for wife beating because the crime is believed to be a more appropriate matter for family counselors than for the judicial system. But a Department of Justice study concluded that the arrest of a violent family member rarely results in reprisal against the victim and often improves the situation, especially when the court orders family members to enroll in special counseling programs. Often the mere shock of arrest has a sobering effect on the violent member of the family. Fear of crime is another form of victimization because it causes people to restrict their activities. A recent poll revealed that 45 percent of all Americans are afraid to go out alone at night within a mile of their homes.

Library of Congress

Some experts say that one reason for the high crime rate in the United States is that many people believe that crime does pay. According to the Department of Justice, only about 20 percent of all criminals are ever caught.

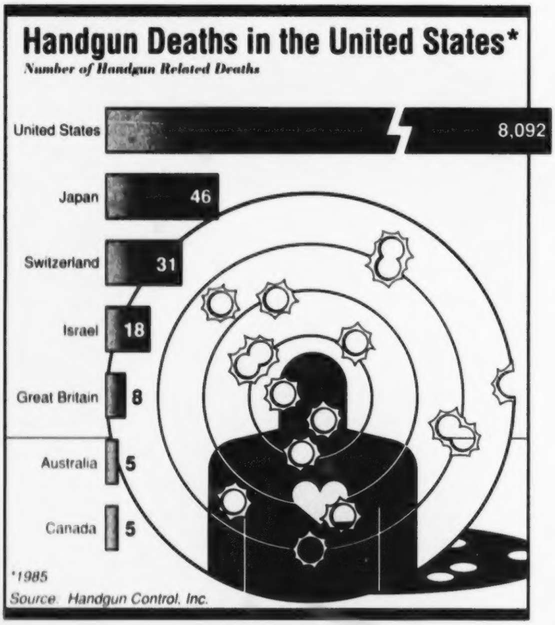
What Causes Crime? Experts are uncertain about what causes most crime, but many reasons are cited. High on the list are poverty and unemployment. Unemployed people are more likely to be depressed and frustrated and therefore more apt to commit violent or antisocial acts. This is especially true in poor urban areas, where homicide is the leading cause of death among black men between the ages of twenty-five and forty-five. Also high on the list is the increased use of illegal drugs. In 1986, nearly 37 percent of the people sent to federal prisons were involved in drug-related crimes. Other social factors also contribute to crime. For example, an unstable home life and an absence of affection can foster drug abuse, juvenile delinquency, and crime by young people. However, researchers argue that social factors alone cannot explain why, under similar circumstances, one person commits a crime while another does not.

Career Criminals. Career criminals commit the majority of crimes. According to the Justice Department, about 70 percent of young adults paroled from prison are arrested again within six years for serious crimes. Career criminals are also responsible for most serious crimes, including burglary, theft, and robbery. In addition, members of organized crime and youth gangs commit nearly half of all violent crimes—assaults, murders, and armed robberies. One aspect of organized crime, drug trafficking, is linked to a large proportion of murders.

Another significant factor in the high rate of crime in the United States could be that many criminals believe that crime pays. Only 20 percent of the people involved in illegal activities ever get caught. Furthermore, since court schedules and prisons are overcrowded, criminals can usually bargain for lesser penalties by pleading guilty. Many criminals are confident that they can escape arrest, and if caught, will not have to serve much time in prison. According to a recent government study of prison terms in thirty states, more than half of all convicted murderers served prison terms of less than six years, and half of all convicted rapists served less than three years.

Availability of Weapons. Experts cite the availability of guns and the growing willingness of people to use them as major factors in the high crime rate. Federal law requires gun buyers to present identification and to sign a statement that they are not convicted felons or drug addicts and do not have a history of mental illness. Although many state and local governments have added even tougher restrictions to the federal law, criminals easily evade these regulations. For example, Washington, D.C., has one of the toughest gun control laws in the country, forbidding the sale of guns or their import into the city. Yet residents of Washington—whether criminals or law-abiding citizens—have found ways to get guns, purchasing them elsewhere or through illegal means.

Of the 60 million handguns owned by private citizens, the favorite of criminals is the "Saturday



The number of deaths from handguns in the United States is higher than any of its industrialized allies. Some experts attribute this high rate to the fact that handguns are readily available to almost anyone who wishes to buy one. Some communities—such as Washington, D.C.—have banned the sale of handguns within city or county limits.

Night Special"—a low-quality, inexpensive handgun that can easily be concealed. Each year, 21,000 people die from injuries caused by handguns, many of them Saturday Night Specials. Although Congress has tried to eliminate cheap handguns by making their import illegal, gun manufacturers have found a loophole in the law that allows them to import parts and assemble handguns in the United States.

The Cost of Crime. The cost of crime is high. According to the National Crime Survey, losses from personal and household crimes exceed $13 billion each year. The Federal Bureau of Investigation (FBI) reported that losses from commercial robberies, shoplifting, and store, office, and warehouse burglaries surpassed $3.1 billion in 1986. But these figures just touch the surface. The economic effects of crime include costly medical care, increased police protection, increased insurance premiums, and lost productivity resulting from a victim's absence from work. Experts estimate that the total cost of crime lies somewhere between $170 billion and $300 billion each year.

Legal Rights for Suspected Criminals. The Bill of Rights (the first ten amendments to the Constitution) guarantees that the government will treat persons accused of crimes fairly. Among these rights are:

- the Fourth Amendment, which protects persons from unreasonable searches and seizures;
- the Fifth Amendment, which protects suspects from being compelled to testify against themselves;
- the Sixth Amendment, which guarantees the right to a speedy trial by jury and the right to have an attorney; and
- the Eighth Amendment, which forbids excessive bail and cruel and unusual punishment.

To enforce these protections, the Supreme Court devised some rules that sometimes result in criminals going free.

The Exclusionary Rule. The Fourth Amendment protects citizens from arbitrary intrusions on their privacy and from harassment from public officials. Before a police officer can search a place or a person, the officer must first present to a judge specific justification for a search (such as evidence that a crime has been committed and that the search could turn up useful information). The officer must also produce a list of things to be seized, with their location. Based on this information, the judge can issue a warrant, which permits a search but limits it to those places listed. Police do not need warrants in situations that demand swift action. Courts have found that the only ef-

American Correctional Association

Although most first-time offenders do not go to jail, the threat of prison is thought to deter crime. Currently, there are more than 600,000 prisoners serving time in state and federal prisons.

fective way to enforce the Fourth Amendment is to exclude any illegally seized evidence from trials. Excluding such evidence sometimes results in the failure to convict a suspect—or even in the dismissal of charges—for lack of proof.

However, in 1984 the Supreme Court allowed two exceptions to the exclusionary rule. The first exception allows evidence from an illegal search to be used in court if the police officers had a warrant, believed they were acting legally, and later found that some "technical" flaw made their search illegal. The second exception allows illegally seized evidence to be used if the prosecuting lawyer can show that the evidence would eventually have been discovered by legal means.

The Miranda *Ruling*. Both the Fifth and the Sixth Amendments apply at the time of arrest. For many years, some police departments routinely questioned suspects for extended periods of time without having an attorney present. However, in 1966, the Supreme Court issued guidelines to protect criminal suspects from such abuses. In the case of *Miranda* v. *Arizona*, the Court ruled that suspects must be read their legal rights before being questioned. The rights include the right to remain silent and the right to a lawyer. If the police do not inform defendants of their rights, any evidence gained from questioning cannot be used in court.

Current Issues

Gun Control. Many lawmakers argue that violent crime cannot be curbed unless handgun possession is limited. Proponents of gun control point out that handguns are the weapons of choice for violent crimes and are involved in 60 percent of all murders in the United States. Many people believe that the widespread availability of handguns contributes to this rate. In countries with tighter restrictions on handgun ownership, far fewer people than in the United States are killed by shooting. Gun control advocates want the government at least to require owners to register their handguns and to perform mandatory background checks on all handgun buyers to ensure that they do not have criminal records. Some people want to ban the sale of handguns completely. They believe that a ban would reduce both the number of guns available to criminals and the number of shootings resulting from accidents and arguments.

Led by the National Rifle Association (NRA), opponents of gun control argue that the Second Amendment to the Constitution guarantees citizens the right to "keep and bear arms," thereby making any sort of gun control unconstitutional. They fear that any form of gun control, even requiring licenses for certain kinds of weapons, may be the first step toward government seizure of all guns. However, people who favor gun control contend that the Second Amendment does not rule out handgun regulation and protects only rifles and guns necessary to state militias. The Supreme

The perception that the police cannot prevent crime in many neighborhoods has caused millions of Americans to arm themselves for self-protection. In 1986, more than 1.5 million handguns were sold in the United States.

National Rifle Association

Court supported this view in 1983, when it left intact a local ban preventing handgun sales in Morton Grove, Illinois.

The pro-gun lobbies argue that gun control would not prevent crime and would not keep criminals from obtaining guns. They say that criminals do not purchase guns over the counter. These groups warn that, ultimately, gun control could create an unarmed public at the mercy of well-armed criminals. For these reasons, they support legislation that would relax restrictions on buying and transporting firearms.

Sentencing Guidelines for Federal Judges. In November 1987, new guidelines that limit the discretion of federal judges in imposing criminal sentences took effect. These rules are the first changes in the federal sentencing system in more than 200 years. Previously, sentences for the same crime could vary depending on the philosophy of the judge hearing the case. For example, a strict law-and-order judge might sentence a first-time bank robber to a twenty-year prison term. Another judge, sympathetic to the offender's poverty or lack of education, might sentence the same bank robber to one year on probation.

To reduce wide disparities in sentencing, Congress established a special commission to

Since 1987, new guidelines have limited the discretion of federal judges in imposing sentences on convicted criminals. The guidelines stipulate a minimum and maximum sentence for more than forty-three different categories of crimes.

AP/Wide World Photos

develop new guidelines. The commission identified forty-three categories of crime. For each category, the commission specified, within a narrow range, the prison term that a judge can impose. In addition, the commission recommended that probation be gradually phased out and limits be placed on the use of parole.

Supporters applaud the federal guidelines as promoting equal treatment of convicted offenders. They say that the guidelines create a uniform and fair sentencing procedure. In addition, supporters claim that by limiting parole, the sentence imposed will be the sentence served. Criminals will no longer be released after serving only a fraction of their prison terms.

But opponents say that the federal guidelines create assembly line justice and prevent judges from evaluating each case individually. Opponents also express concern about the financial consequences of the guidelines. They claim that it is far more expensive to keep a person in prison than on probation or parole. Furthermore, without parole, already overloaded federal prisons will become even more packed. Some experts predict that the federal prison population will increase by at least 10 percent over the next ten years as a result of these guidelines.

Overcrowded Prisons. The most pressing problem facing criminal justice officials today is overcrowded prisons. Federal and state prisons now house more than 604,000 prisoners, an increase of 65 percent since 1983. Most prisons operate at well over capacity. For example, federal prisons have up to 59 percent more inmates than they were built to accommodate. Many prisons are old as well as overcrowded. Today more than 60 percent of the nation's inmates are housed in prisons thirty years old or older. Ten percent live in facilities built before 1875.

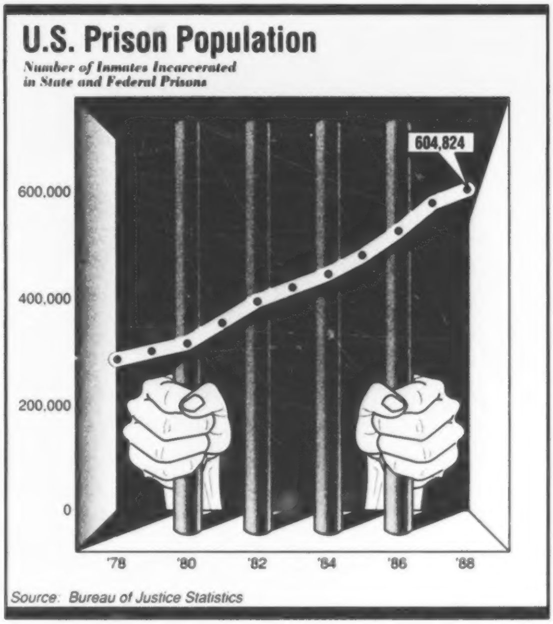
Inadequate facilities often contribute to violence in prisons. The rate of homicides and suicides in prisons is double the rate in the general population. Overcrowding also leads to prison riots in which both inmates and guards may be killed. Courts have ruled that overcrowding in some prisons violates Eighth Amendment protections against cruel and unusual punishment. In the early 1980s, courts declared the prison systems in thirty-eight states unconstitutional because of severe overcrowding. To remedy these problems, the courts ordered states with crowded facilities to release some inmates on an emergency basis, transfer others to local jails, or spend millions of dollars to build new prisons.

But while the courts are ordering prison officials to release inmates from overcrowded facilities, new, tougher laws are sending hundreds of criminals to prison. A national campaign against the use of illegal drugs has sent a new wave of offenders to prison. In addition, the public is demanding that the lawmakers, the police, and the courts get tough with criminals. As a result, the nationwide prison population is growing by 750 inmates every week. One solution to overcrowding is to build more prisons. However, the cost of prison construction is high. In 1987, Congress allocated $165.4 million to construct 2,400 new prison spaces. But prison experts say that the

Growing Up

According to the Department of Justice, the average age at which an inmate in federal prison first fired a gun is 13.2 years.

A rising crime rate and tougher sentencing have caused prisons to become dangerously overcrowded. In some cases, judges have ruled that overcrowded conditions in prisons violate the Constitution's guarantee against "cruel and unusual punishment" and have ordered prisons to reduce their inmate population.



U.S. Prison Population

Number of Inmates Incarcerated in State and Federal Prisons

Source: Bureau of Justice Statistics

federal prison system needs more than ten times that amount to keep up with future prison growth. In the meantime, prison officials cope with the overload by doubling the number of prisoners in cells and by converting recreation rooms into sleeping areas. In addition, the Federal Bureau of Prisons is trying to convert abandoned military barracks, schools, and mental hospitals into prisons and is searching for other alternatives to ease the nation's overcrowded prison system.

Ending Parole. Criminal justice officials have traditionally relied on parole as a means of easing the burden on overcrowded prisons. Under parole, a prisoner is released before he or she has served a full term. In 1986, the number of parolees rose by 11 percent, to 362,192.

In recent years, many states have limited parole or repealed their parole programs altogether. In addition, federal sentencing guidelines will phase out parole for prisoners in federal facilities over the next three years. Those who favor ending parole argue that no one can really determine when a criminal has been rehabilitated. Eliminating parole protects the public by keeping prisoners in jail longer. Opponents of parole also say that releasing criminals early for "good behavior" ignores the victim's suffering and undermines society's belief that "crime does not pay."

Many prison officials question the policy of ending parole. They say that since prisons are already bursting at the seams, paroling prisoners is one of the few ways to relieve overcrowding. Prison officials claim that parole programs can be designed to protect society. For example, in the face of public demands for tougher treatment of criminals, many states with overcrowded prisons are turning to *intensive probation*—a program which involves close supervision of offenders by probation officers with small caseloads. Proponents claim that intensive probation can cost as little as one-fourth the price of keeping an inmate in prison.

Private Prisons. Some states are trying to reduce the high costs of constructing new prisons by contracting with private businesses to build and operate prisons. Today, more than thirty prisons across the country are privately owned or operated. In many instances, private companies can run prisons more economically because they do not have to pay their employees the high salaries and benefits that government employees receive. But critics fear that private companies, under pressure to make a profit, might seek to economize on hiring staff, training for guards, and rehabilitation programs. Such cutbacks could lead to increased prison violence, harsher treatment of inmates, and more attempted escapes.

Alternatives to Prison. Officials in several states are considering alternatives to prison for people convicted of minor offenses such as assault, theft, and vandalism. For example, North Carolina has made it easier for minor offenders to get paroled early. In addition, the North Carolina Center on Crime and Punishment estimates that the state could save $7 million each year by using alternatives such as hospitalization for inmates convicted of alcohol-related crimes. Other states are considering alternatives such as community service and "electronic house arrest," where convicts must wear a device that allows authorities to monitor their movements.

Proponents of these alternatives say that they ease prison overcrowding and are less expensive than keeping minor offenders in prison. They claim that alcohol rehabilitation and community service programs help criminals deal with the problems, such as alcoholism and unemployment, that caused them to commit crimes in the first place. However, opponents to alternative programs argue that such programs are not tough enough. They say that alternatives to imprisonment simply return criminals to the community to commit more crimes.

The Rate of Crime

According to the Federal Bureau of Investigation, in the United States there is:

- **one murder every twenty-six minutes;**
- **one rape every six minutes;**
- **one robbery every minute;**
- **one aggravated assault every thirty-seven seconds;**
- **one motor vehicle theft every twenty-four seconds;**
- **one burglary every ten seconds; and**
- **one larceny-theft every four seconds.**

The Death Penalty. In 1972, the Supreme Court ruled that capital punishment, as then applied by most states, violated the Eighth Amendment ban on cruel and unusual punishment. The Court reasoned that the death penalty was applied so randomly that it discriminated against minorities. Between 1970 and 1987, only sixty-eight people were executed. In 1987, the Supreme Court decided, after many states had revised their death penalty statutes, that capital punishment itself was constitutional if applied fairly. Today, more than two thousand prisoners are on death row in thirty-four states.

Public support for the death penalty has increased over the past twenty years. According to a 1987 poll, 86 percent of all Americans support the death penalty. Supporters argue that it is the only appropriate punishment for treason and violent crimes such as rape and murder. Supporters of the death penalty claim that capital punishment deters crime because potential criminals know that they will be executed if they are convicted of committing a serious crime.

Opponents of the death penalty believe that it is state-sanctioned murder. They contend that there is no evidence to prove that capital punishment deters crime. Opponents also point out that the death penalty is irreversible. Inevitably some people will be executed for crimes they did not commit.

Death Row

According to the U.S. Department of Justice, nearly 250 new convicts are sent to death row each year, but a lengthy appeals process means that relatively few are ever executed. Since 1975, fewer than twenty prisoners have been executed annually.

Outlook

Crime, punishment, and the debate on how to deter crime will continue to receive widespread attention. Public debate over gun control will intensify. The Supreme Court's 1987 decision on the constitutionality of state death penalty statutes means that the frequency of executions will likely rise. In addition, some Americans who object to the early release of inmates will demand that prisons keep criminals behind bars until they have completed their full sentences. Longer prison terms, stronger law enforcement, stricter sentencing guidelines, and a decline in prison-release programs are likely to place an even greater burden on the overcrowded U.S. prison system. Local, state, and federal decisionmakers, who are hard pressed to find ways to pay for new prisons, will need to explore alternatives to reduce prison populations.

The Debate

Crime

Should Handguns Be Registered?

PRO

Registering handguns and requiring a waiting period to check prospective buyers' backgrounds help to prevent crime. These rules also reduce the likelihood that a person will buy a gun and murder someone on impulse. The Constitution does not prohibit gun registration. Most courts—including the Supreme Court—have ruled that the Second Amendment only guarantees states the right to maintain a militia. Possession of handguns by individuals is not part of the right "to keep and bear arms."

CON

Registering firearms will not prevent criminals from obtaining guns. Gun control laws will only prevent law-abiding citizens from protecting their homes and families against armed criminals. The Second Amendment to the Constitution gives the people the right to bear arms. Registration would be the first step toward a complete ban of handguns because it would provide authorities with the information needed to confiscate guns.

Should the United States Allow the Death Penalty?

PRO

Some crimes are so heinous that they demand capital punishment. Murderers who kill in cold blood deserve no more pity than they showed their victims. The death penalty also deters crime, especially if imposed for treason, espionage, and murder of police officers and public figures.

CON

The death penalty does not allow a court or a jury to be wrong. An innocent person cannot be brought back to life after an execution. Traditionally, the courts have applied the death penalty in a discriminatory manner against minorities. Finally, the death penalty does not deter someone who commits murder in a moment of passion or insanity.

Should Judges Retain Discretion in Criminal Sentencing?

PRO

Allowing judges discretion in criminal sentencing enables them to tailor the punishment to the individual as well as to the crime. Judicial discretion allows a judge to consider alternatives to prison—intensive probation or work release—that might better rehabilitate the prisoner and prove less costly. Taking away judges' discretion strips them of their essential role. They become merely a cog in an assembly line justice system.

CON

Sentencing guidelines assure the public that criminals receive punishments that fit their crimes. Allowing judges unchecked discretion in criminal sentencing can result in sentences that are arbitrary or unfair. Sentencing guidelines eliminate inequities. Offenders know that regardless of the judge, the skill of their lawyers, their age, education, socio-economic status, or race, they will receive equal justice.

Foreign Policy Issues

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The Soviet Union

For more than forty years, U.S.-Soviet relations were characterized chiefly by suspicion and mistrust. Today, however, the two nations seem to have arrived at a new level of trust.

In less than three years, President Ronald Reagan and Soviet leader Mikhail Gorbachev held four summit meetings. At their third meeting, the two men signed the Intermediate-range Nuclear Forces (INF) Treaty. This unprecedented agreement calls for the United States and the Soviet Union to destroy part of their nuclear arsenals. Reagan and Gorbachev, along with President-elect George Bush, met a final time in New York in December 1988. This meeting was seen by many observers as an indication that the new era in U.S.-Soviet relations would continue into the Bush administration.

President Bush expects to maintain the improved relations with the Soviets begun by his predecessor. The president plans to negotiate a reduction of long-range nuclear weapons in the arsenals of both countries and hold summit meetings with the Soviet leader.

However, questions remain. Some experts—both American and Soviet—wonder if the two most powerful nations in the world can maintain momentum in arms control negotiations. They also question whether the two superpowers can find diplomatic, rather than military, solutions to conflicts around the world. Although most experts agree that U.S.-Soviet relations have improved dramatically in the last several years, they also point out that any number of events could plunge the relationship back into a period of tension and uncertainty.

Key Questions

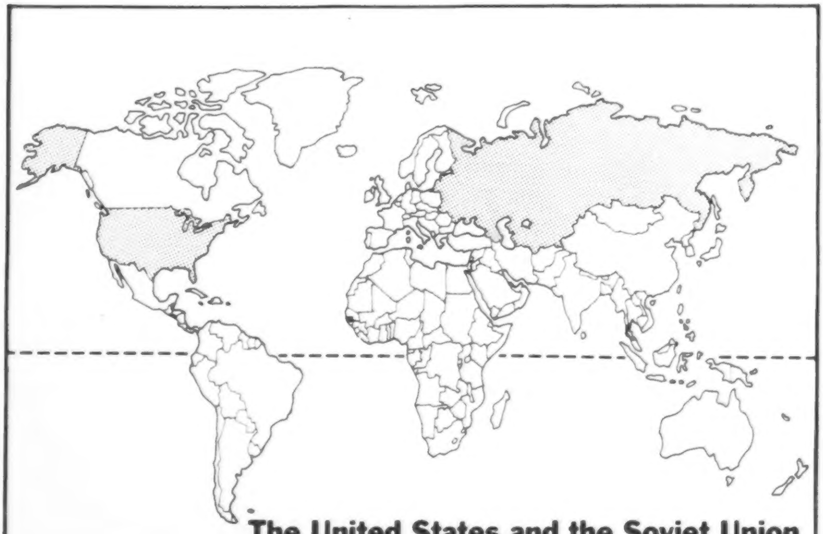
- Does the U.S. government accurately perceive Soviet motives?
- Should the United States help fight communist movements in other countries?
- Should the United States try to change Soviet human rights policies?

Background

U.S.-Soviet Relations, 1945-79

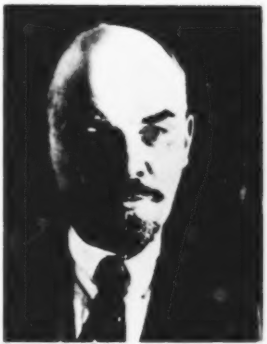
Origins of the Cold War. During World War II, the United States, Great Britain, and the Soviet Union put aside their differences and joined forces to fight Nazi Germany. But the alliance of the three nations deteriorated almost immediately after Germany's defeat in 1945. The Allies disagreed intensely over the form of government to be created in Eastern Europe. During the next few years, the Soviets set up communist regimes in Poland, Hungary, Bulgaria, Czechoslovakia, and Romania; Germany was partitioned into communist and noncommunist areas; and the Soviet Union cut off access and communication between Eastern and Western Europe.

The Soviets believed that controlling Eastern Europe was essential to their security. Germany had invaded the Soviet Union twice within twenty



The United States and the Soviet Union

years, and the Soviets had lost twenty million people in World War II alone. The Soviet Union wanted Eastern Europe to be a buffer zone against future invasion from the West. The United States protested the Soviet domination of Eastern Europe and developed a policy to contain further communist expansion. The period after World War II marked the beginning of the Cold War—a type of war fought with propaganda, intimidating arms buildups, and attempts to gain allies through the use of economic and military aid.



Soviet Life from Sovfoto

Vladimir Lenin, the first leader of the Soviet Union, guided the Communist party to power in Russia in 1917.

U.S. Policy: Containment. The policy of containment meant that the United States tried tc prevent further expansion of Soviet influence rather than force the Soviets out of Eastern Europe. Containment involved

- providing billions of dollars in food, clothing, and industrial machinery to rebuild Western Europe;
- giving military and economic aid to governments challenged by communists; and
- creating a permanent military alliance—the North Atlantic Treaty Organization (NATO)—among the United States, Canada, and most of the democracies of Western Europe.

The Soviet Response. The policy of containment widened the growing split between the United States and the Soviet Union. The Soviets believed that the Western alliance, led by the United States, was trying to isolate the Soviet Union and push back its war gains. In response, the Soviet Union tightened its grip on Eastern Europe. Soviet troops stationed in Poland, East Germany, Hungary, and Romania ensured the loyalty of the leaders of those countries to Moscow. In 1948, Czechoslovakian communists staged a government coup and brought their country into the Eastern bloc. In the same year, the Soviet Union created the Council of Mutual Economic Assistance (COMECON), which closely linked the Soviet and East European economies. And in 1955, the Soviets and their East European allies formed the Warsaw Pact, a military alliance similar to NATO.

East-West Competition. Although the Soviets increased their control over Eastern Europe, the first years of containment successfully prevented further Soviet expansion into Europe. The Western bloc of nations formed an effective counterbalance to the Soviet-led Eastern bloc. The United States and the Soviet Union considered these blocs to be *spheres of influence*, which could not be invaded without risking total war. But not every nation in the world belonged to the East or West bloc; thus the United States and the Soviet Union began to compete for new allies.

The Soviets turned to Latin America and to the Far East, where spheres of influence were not clearly defined. American strategists sought to block Soviet moves in Asia and Latin America. They believed in the "domino theory," which held that if one country fell to communism, its neighbors would soon topple as well. In 1949, the Soviet Union allied itself with Chinese Communist leader Mao Zedong. This alliance gave the Soviets great influence throughout Asia until the early 1960s, when China broke with the Soviet Union. In 1950, the Soviets backed a North Korean invasion of South Korea. The United States sent troops to repel the invasion. Although the war ended in a stalemate, the United States demonstrated that it would fight communist aggression around the world. In 1959, communist revolutionary Fidel Castro came to power in Cuba. After the United States refused to recognize his new government, Castro turned to the Soviet Union for support. In the 1960s and 1970s, the Soviets backed North Vietnam in its fight to unify all of

Russians and Other Soviets

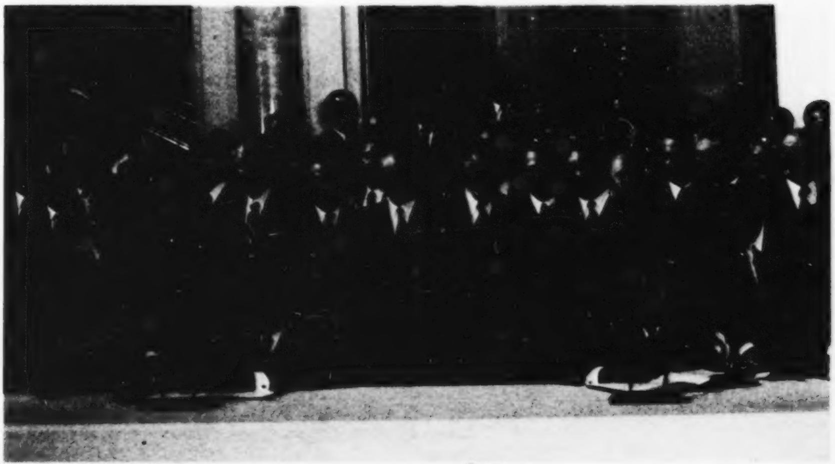
Americans tend to call all Soviet citizens Russians. But only half the people living in the Soviet Union are of Russian heritage. The Soviet Union is populated by dozens of nationalities and ethnic groups, including more than half the world's Armenians and more Turks than live in Turkey.

Vietnam under communist rule, and the United States helped defend South Vietnam with troops and military aid, but in 1975, the Communists took over South Vietnam, thereby extending Soviet influence in Southeast Asia.

Cuban Missile Crisis: The Height of the Cold War. Experts believe that the world came closest to nuclear war in October 1962, when the United States discovered that the Soviet Union was secretly constructing launching pads for nuclear missiles in Cuba. For seven days, the world waited as President John F. Kennedy and Soviet Premier Nikita Khrushchev engaged in tense negotiations. Finally, the Soviets agreed not to station nuclear missiles in Cuba. The scare of the Cuban missile crisis created a "thaw" in the Cold War, and the United States and the Soviet Union signed a treaty in 1963 limiting tests of nuclear weapons. Other steps were taken to improve relations between the two superpowers, culminating in the Nixon administration's policy of detente.

Nixon, Kissinger, and Detente. Supporters of detente (a French word meaning "a relaxation of

In 1972, President Richard Nixon and Soviet Premier Leonid Brezhnev signed the first Strategic Arms Limitation Talks (SALT I) Treaty in Moscow. The signing of the treaty marked the high point of detente, or the relaxation of tensions, between the United States and the Soviet Union during the 1970s.



Nixon Project, National Archives

tensions") credit primarily President Richard Nixon and Henry Kissinger, Nixon's national security adviser and secretary of state, for easing U.S.-Soviet tensions in the early 1970s. Detente reflected the belief that both the United States and the Soviet Union would benefit from maximizing cooperation and minimizing conflict. This meant frequent consultation between the leaders of the two superpowers to prevent minor disagreements from escalating into major confrontations. It also meant greater contact between the peoples of the United States and the Soviet Union. Between 1972 and 1974, the two nations signed eleven agreements to cooperate in space exploration, agriculture, health, environmental protection, and other fields. Trade opened up, and American corporations and banks established offices in Moscow.

SALT I. The centerpiece of detente was the Strategic Arms Limitation Talks (SALT I) Treaty, signed by President Nixon and Soviet Premier Leonid Brezhnev in 1972. This treaty was the first agreement to limit the number of nuclear weapons that each side could *deploy*, or station.

The most important part of the SALT I agreement was its limitation of antiballistic missile (ABM) systems. ABMs are defensive weapons designed to intercept and destroy enemy missiles before they reach their targets. Both Americans and Soviets feared that if either side developed an ABM capable of making its defense system impenetrable, war would be more likely. The treaty permanently limited each nation to only two ABM systems. In addition to ABMs, SALT I placed limits on offensive weapons—nuclear missiles and bombers—but only for a five-year period. Both sides also agreed to negotiate a second SALT treaty.

Helsinki Accord. In 1975, detente reached another high point when leaders from the United

States, the Soviet Union, Canada, and thirty-five European countries gathered in Finland to sign the Helsinki Accord. Though nonbinding, this document outlined a framework for peaceful relations in Europe. Under the provisions of the Helsinki Accord, the West—led by the United States—officially recognized the postwar borders of Eastern Europe. In return, the Soviet Union promised to increase intellectual freedom and human rights within the Eastern bloc.

Failure of SALT II. In 1979, President Jimmy Carter and Soviet Premier Leonid Brezhnev signed the second Strategic Arms Limitation Talks (SALT II) Treaty. But the U.S. Senate never ratified SALT II. (All treaties require approval by two-thirds of the Senate.) Many senators believed the treaty made too many concessions to the Soviet Union. The Soviets felt betrayed by the Senate's rejection of the SALT II Treaty. And although the leaders of both countries said they would still follow the provisions set forth in SALT II, U.S.-Soviet relations deteriorated rapidly.

Reuters/Bettmann Newsphotos

After more than nine years of fighting, the Soviet Union completed the withdrawal of 115,000 troops from Afghanistan in early 1989. Soviet troops invaded Afghanistan in 1979 to help its communist leader fight Muslim guerrilla forces in the country.

U.S.-Soviet Relations, 1980-Present

Invasion of Afghanistan. When Soviet troops invaded Afghanistan in December 1979, relations between the two superpowers became more hostile than at any time since the Cuban missile crisis. Most of the world's nations joined the United States in denouncing the Soviet invasion and calling for the Soviets to withdraw. Soviet troops fought for ten years against the resourceful—and U.S.-supported—Afghan guerrilla forces before finally conceding that the war could not be won. By February 1989, the Soviet Union had withdrawn all of its 115,000 troops from Afghanistan.

Poland. Threatened by the growing strength of Poland's labor movement, the Polish army seized

Reuters/Bettmann Newsphotos

Lech Walesa, leader of the Solidarity labor union, won the Nobel Peace Prize in 1983. He recently negotiated an agreement with the Polish government to legalize Solidarity and to open legislative elections to candidates who are not members of the ruling Polish United Workers party.

control of Poland in December 1981, declared martial law, and arrested hundreds of members of the independent Polish labor union Solidarity, including its charismatic leader, Lech Walesa. Within a week of the crackdown, President Reagan imposed economic sanctions against Poland. Later, blaming Moscow for the turmoil in Poland, President Reagan sharply reduced U.S.-Soviet trade and scientific exchanges. In 1984, however, the Polish government relaxed martial law and announced an amnesty for Solidarity leaders. In response, the United States lifted its economic sanctions against Poland. Soon after, the United States and Poland exchanged diplomats for the first time in five years.

The START Talks. In June 1982, the Soviets and Americans reopened arms control negotiations. President Reagan renamed the talks the Strategic Arms Reduction Talks (START), proposing that the two nations agree to reduce their arsenals of intercontinental ballistic missiles (ICBMs) and submarine-launched ballistic missiles (SLBMs). The Soviet Union refused the U.S. offer, but proposed "freezing" the number of nuclear arms at current levels. Despite some progress, the Soviets walked out of the START negotiations in December 1983, in response to the NATO deployment in Western Europe of medium-range missiles known as Pershing IIs.

Involvement in Latin America. In 1984, President Reagan accused Cuba and the Soviet Union of trying to spread Communism throughout Latin America. Cuban and Soviet leaders acknowledged that they were involved in Latin America, but only in countries that requested aid or were fighting for their freedom. President Reagan asked Congress to increase aid to help the government of El Salvador defeat communist guerrillas fighting there. He also asked Congress to supply arms to the anticommunist *contras*, who were fighting the pro-Soviet, Sandinista government of Nicaragua. At first, Congress approved aid for both El Salvador and the *contras*, although funding for the *contras* was cut in later years.

New Soviet Leadership. In early 1985, Mikhail Gorbachev became the fourth leader of the Soviet Union in less than three years. At the relatively young age of fifty-four, Gorbachev brought pragmatic leadership to the Soviet government.

Reagan-Gorbachev Summits. Gorbachev immediately began taking steps to improve relations with the United States. He proposed reopening the stalled arms control negotiations in Geneva and meeting with President Reagan to improve relations between the two countries. The Reagan-Gorbachev summits that followed were the most extensive talks between the leaders of the two superpowers in the last fifteen years.

Geneva, 1985. In November 1985, the first U.S.-Soviet summit meeting in six years was held in Geneva, Switzerland. Meeting for three days, Ronald Reagan and Mikhail Gorbachev discussed arms control, human rights, and regional disputes. The two leaders agreed that nuclear war was unwinnable, pledged not to seek military superior-

Reuters/Bettmann Newsphotos

President Reagan and Soviet leader Gorbachev shake hands after signing the Intermediate-range Nuclear Forces Treaty. In this historic agreement, the two superpowers agreed to destroy an entire category of nuclear weapons.

ity, agreed to expand cultural and educational ties, and announced that additional summits would be held.

Reykjavik, 1986. Reagan and Gorbachev met again in October 1986 in Reykjavik, Iceland, to negotiate missile reductions in Europe. But the focus quickly shifted to proposals to eliminate most, if not all, of their nuclear weapons. However, the talks collapsed when President Reagan refused to limit development of the space-based Strategic Defense Initiative. Despite the failure at Reykjavik, negotiators in Geneva continued work on a treaty to reduce missiles in Europe.

Washington, D.C., 1987. On December 8, 1987, President Reagan and Soviet leader Gorbachev signed the Intermediate-range Nuclear Forces (INF) Treaty, the first major arms control agreement between the two superpowers in eight years. The INF Treaty is the first agreement to actually destroy weapons in the world's nuclear arsenal. The Soviet Union will destroy more than 1,900 intermediate-range missiles, and the United States will destroy about 800. The treaty also provides for extensive on-site inspection of missile sites to verify compliance.

UPI/Bettmann Newsphotos

One month before becoming president, George Bush met Mikhail Gorbachev during the Soviet leader's fifth—and final—meeting with President Reagan. Many observers believe that President Bush will continue to improve relations with the Soviet Union begun by the Reagan administration.

Moscow, 1988. President Reagan made his only visit to the Soviet Union in June 1988, when he and Soviet leader Gorbachev exchanged documents putting the INF Treaty into effect. The two men also signed seven minor agreements covering such areas as student exchanges and fishing rights, bringing the total number of such two-way pacts to forty-seven.

New York, 1988. In December, Mikhail Gorbachev came to New York to speak to the United Nations. He announced that his country would cut its forces in Eastern Europe by removing 50,000 troops, 10,000 tanks, 8,500 guns, and 800 combat planes within two years. While he was in New York, Gorbachev met with President Reagan for the last time, and for the first time, he met formally with President-elect Bush.

Current Issues

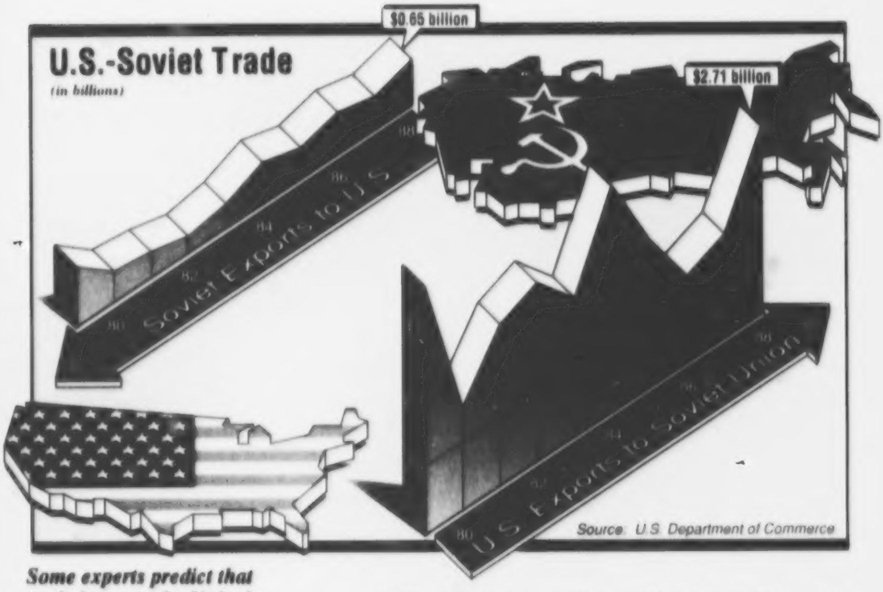
U.S. Perceptions of Soviet Motives. People in the United States tend to have radically different views of the Soviet Union. One school of thought holds that the Soviet Union is an "evil empire" bent on world domination and that the Soviets reserve the right to commit any crime, to lie, and to cheat in order to undermine democratic governments around the world. Supporters of this view believe that arms control and trade must be limited because they may aid the Soviets' goal of taking over the world. They accuse the Soviet Union of financing and arming terrorist groups, supporting radical anti-American movements, and sending "proxy forces" such as the Cubans to fight wars in Africa and elsewhere. They also blame the Soviets for perpetuating the arms race by producing newer and deadlier weapons to achieve military superiority.

Arms Negotiations

A CBS News-*New York Times* poll found that 72 percent of Americans want the U.S. government to negotiate more nuclear arms reductions with the Soviet Union, and 67 percent expect that President George Bush will be successful.

Another school of thought believes that differences between the United States and the Soviet Union occur because neither side appreciates or understands the interests or actions of the other. Supporters of this view say that the Soviets do not want to take over the world. These experts strongly favor arms control negotiations and trade between the United States and the Soviet Union. They argue that such measures reduce mistrust and expand common interests, lessening the chances of war.

How Should the United States Respond to Soviet Actions? Past events in Poland and Afghanistan show the limited ability of the United States to respond to Soviet interference in other countries. American options fall into three basic categories: military force, trade sanctions, and aid to anticommunist forces.



Source: U.S. Department of Commerce

Some experts predict that trade between the United States and the Soviet Union will increase as political relations between the two countries improve. Nearly three-quarters of all American exports to the Soviet Union are agricultural products. The Soviet Union exports mostly raw materials such as oil, natural gas, chrome, and platinum to the United States.

Military Force. When President Kennedy discovered that the Soviet Union was preparing to install nuclear missiles in Cuba, he placed U.S. strategic units on alert and ordered the navy to blockade the island. Faced with American naval superiority and the threat of nuclear annihilation, the Soviets backed down. The threat of military force can be highly effective, say some experts, as long as the United States has shown a willingness to use it. But now that the Soviet military capability rivals that of the American forces, the United States can no longer be assured that the Soviet Union would retreat in a similar confrontation. For this reason—and because of painful memories of the U.S. defeat in Vietnam—recent administrations have been reluctant to use military force and have instead imposed trade sanctions.

Trade Sanctions. Trade sanctions are an attempt to hurt the Soviets by denying them goods they need. However, many experts believe trade sanctions hurt U.S. interests more than they affect Soviet behavior. For example, after the Soviets invaded Afghanistan in 1979, the United States refused to ship wheat to the Soviet Union. Argentina, however, did not back the grain embargo and sold enough grain to the Soviets to make up for the loss of American wheat. Trade sanctions only work when all suppliers adhere to them.

Another problem with trade sanctions is that the Soviets have an abundance of natural and industrial resources. According to a Central Intelligence Agency (CIA) study of the Soviet economy, the vast resources of the Soviet Union enable it to withstand the absence of imports better than any other industrialized nation.

Aid to Anticommunist Forces. Some experts believe that the United States can counter Soviet influence in other countries by providing economic and military aid to anticommunist forces. Critics say that this policy promotes violence and violates international law because the United States is interfering in the affairs of other countries.

Strategic Defense Initiative. Recent arms control negotiations have focused on U.S. development of the Strategic Defense Initiative (SDI). In theory, SDI would shoot down high-altitude Soviet missiles before they could reach the United States. President Bush and other supporters of SDI believe that it will lead to a safer world because it would protect the United States against a Soviet nuclear attack. However, the Soviets strongly oppose the development of SDI. They claim it would violate the SALT I Treaty and endanger the Soviet Union. They also say that SDI would upset the nuclear balance because the system would prevent them from being able to retaliate against an American nuclear attack. The Soviets warn that American development of SDI will trigger an immensely expensive arms race which no one can win.

Perestroika

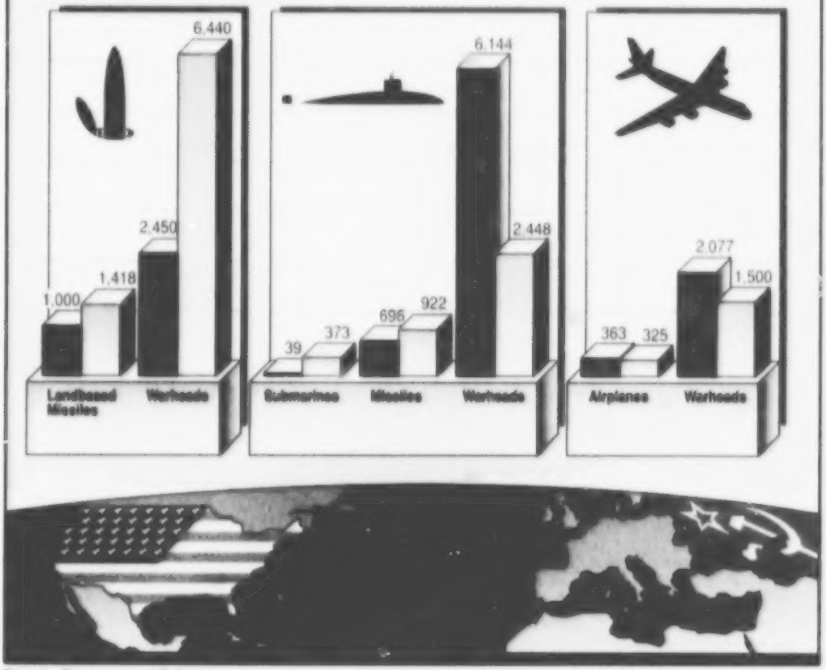
Soviet leader Gorbachev began to reform the Soviet economy in 1986 through his *perestroika*, or restructuring, program. Many of his economic reforms involve greater reliance on free market principles. For example, many Soviet factories are now run by managers rather than party leaders. Managers rely on profits, instead of government funding, to operate their business, and can decide whether to invest their profits in new machinery or give pay raises to their employees.

Human Rights in the Soviet Union. The Soviet Union has a long history of arresting political

U.S.-Soviet Nuclear Arsenals

Strategic Forces

The United States and the Soviet Union rely on a three part, or triad, system to defend themselves against nuclear attack. The triad is made up of long range missiles, submarine launched missiles, and airplanes carrying nuclear bombs.



Source: Department of Defense

dissidents and refusing to allow its citizens to leave the country. The United States has always objected to this policy, but different administrations have approached the issue in different ways. In the early 1970s, Secretary of State Henry Kissinger believed that behind-the-scenes, quiet diplomacy was the best way to proceed on human rights issues. However, critics said that Kissinger's policy was an excuse not to place a high priority on human rights. President Jimmy Carter took a more active approach, publicly criticizing the Soviet Union for its repression of political dissidents and

Jews wishing to leave the country. Carter's critics asserted that his style of diplomacy was counterproductive because it made the Soviets less willing to compromise. President Reagan also spoke out against Soviet violations of human rights, but he refused to link human rights to other issues such as arms control negotiations. However, some believe that linking human rights to other issues is the only way to moderate Soviet behavior.

The Soviets claim that American pressure over human rights interferes in Soviet domestic affairs. Besides, Gorbachev's government has released many dissidents from exile or prison camps, permitted the reunification of separated families, and allowed more citizens to leave the country. The Soviets say that the United States should concentrate on its own social problems—such as racism, poverty, and unemployment—before criticizing the Soviet Union.

Glasnost

In 1986, Soviet leader Mikhail Gorbachev announced that he wanted to "open up" Soviet society to new ideas. Under a policy of *glasnost*, or "openness," Gorbachev has released many previously censored books, plays, and films; declared a national "war" on alcohol and drug abuse; allowed Soviet reporters to expose government corruption; and freed many political dissidents from prison. Some experts believe that *glasnost* is proof that Gorbachev is willing to make significant changes in the role of government in Soviet society.

Outlook

Relations between the United States and the Soviet Union have changed dramatically since the early 1980s. The two countries have negotiated the first nuclear arms reduction treaty, increased cultural and scientific exchanges, and sought ways to improve trade. Much of this change can be attributed to Mikhail Gorbachev, whose leadership is likely to have a dramatic effect on U.S.-Soviet relations for years to come. A new era of trust now seems to be dawning between the two most powerful nations in the world.

However, some experts are still skeptical. They question whether the United States can trust the Soviet Union not to extend its sphere of influence. They warn that past experience should teach U.S. leaders that it is always better to remain cautious when dealing with the Soviets.

The Debate The Soviet Union

Does the U.S. Government Accurately Perceive Soviet Motives?

PRO

The Soviet Union has demonstrated its desire for world domination time after time. The Soviets will use any means available to achieve this end. They finance and arm terrorist groups, support anti-American movements in Europe, and even use "proxy forces" such as the Cubans to fight for communism in Africa. The United States must continue to build its military strength to counter Soviet aggression.

CON

The Soviets do not want to take over the world; they merely want to assure the security of their own nation. Their foreign policy actions are reactions to anti-Soviet moves by the United States and to the belief that enemies surround them. They must always be on their guard. The United States has the greatest military power in the world and should act in a more conciliatory way toward the Soviet Union.

Should the United States Help Fight Communist Movements in Other Countries?

PRO

The Soviet Union is enslaving people throughout the world. The United States must support local rebel forces to push out pro-Soviet, communist governments wherever possible. And if the U.S. government does not help these "freedom fighters" now, it will have to send American soldiers later to fight the communists.

CON

Support for anticommunist forces promotes civil war and violates international law by interfering in other countries' domestic affairs. In the long run, such U.S. aid to rebel forces could drive foreign leaders deeper into the Soviet camp, making it harder than ever to remove them from power.

Should the United States Try to Change Soviet Human Rights Policies?

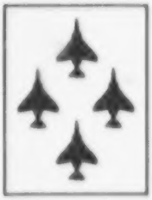
PRO

As the leader of the free world, the United States has a moral obligation to improve human rights in the Soviet Union. All people—including Soviet citizens—are entitled to certain basic rights. The United States should first try "behind-the-scenes" action to loosen Soviet restrictions on emigration and to gain the release of political prisoners. If "quiet diplomacy" fails, the United States should link arms control negotiations and trade with human rights.

CON

Efforts to improve Soviet human rights may be moral, but they are shortsighted. The United States has no right to interfere in the domestic affairs of another country. Besides, the Soviets cannot be bullied. They will resist U.S. pressure to change their domestic policies. The United States should not allow the human rights issue—over which it has little control—to obscure more important goals such as arms control.

Defense



The United States needs a strong defense to protect itself and its allies from attack and to maintain peace. The major question facing policymakers is, how strong? President Ronald Reagan believed in a strong defense. He pursued a policy of "peace through strength." In 1981, Reagan came into office claiming that the U.S. military was weak and outdated. He wanted to speed up production of nuclear missiles, develop advanced bombers, and begin work on a missile defense system in space. Congress supported many of his programs and increased the defense budget. In eight years, the Reagan administration spent $2 trillion to strengthen American military might.

Some experts claim that the high cost of maintaining "peace through strength" is one of the causes of the budget deficit. They believe that the United States can no longer afford to spend large amounts of money for defense. Others argue that cuts in defense spending threaten national security. They say that the government should maintain or increase defense spending so that other nations do not think the United States is weak.

Although President George Bush supports the military buildup of the Reagan years, he maintains that the United States does not have to match its enemies—especially the Soviet Union—bullet for bullet and tank for tank. He says that there are limits to what the nation can spend on defense. The Bush administration will have to decide which weapons the military needs, and how much the country is willing to spend for them. Such decisions demand difficult choices.

Key Questions

- Should the defense budget be increased?
- Should the United States develop the Strategic Defense Initiative?
- Should Congress have the power to block the use of military force by the president?

Background

U.S. Defense Policy

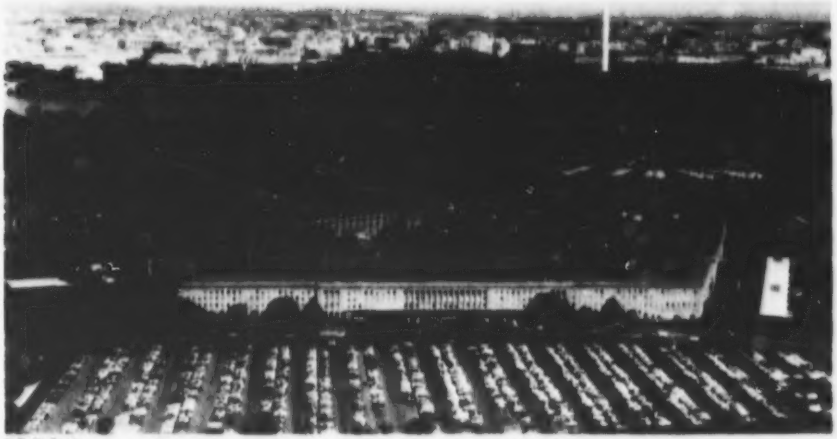
Why Do We Need a Strong Defense? The United States is not presently at war with anyone. So why does the government spend billions of dollars each year on defense? One reason is that maintaining a strong military can *deter*, or prevent, other nations from attacking. American leaders want potential enemies to know that if the United States is attacked, it will repel the invasion and defeat the attacking country. The United States also uses its armed forces to demonstrate its power and to show its determination to protect America's international interests, such as maintaining stable and friendly governments in Western Europe, Latin America, the Middle East, and the Far East. For example, in recent years, the United States has held naval maneuvers off the coast of Nicaragua and has sent troops to train in Honduras to show concern about the emergence of Communist governments in Central America.

U.S. military forces train primarily to fight one potential enemy: the Soviet Union. The Soviet Union and the United States are adversaries because each nation believes that its national interests are in direct conflict with the other's interests. Moreover, the Soviet Union is the only nation that rivals the United States in military power. Since the end of World War II, the United States and the Soviet Union have been involved in an *arms race*, in which each country tries to match the military force of the other. Americans have spent billions of dollars trying to stay ahead of the Soviets. The two nations have also competed for influence and power throughout the world. Many policymakers believe that the Soviet Union is committed to spreading communism around the world, by military force if necessary. Others contend that the

A Six-Point Plan

According to the Department of Defense, the six basic operations of U.S. security assistance programs are to:

- **promote peace in the Middle East**
- **enhance cooperative defense and security**
- **deter and combat aggression**
- **promote regional stability**
- **promote key interests through foreign military sales and commercial military exports**
- **promote professional military relationships**



U.S. Air Force

The Pentagon, outside of Washington, D.C., serves as the headquarters for the U.S. Department of Defense. It is from here that plans are made to carry out the main duties of America's armed forces including defending the United States and Western Europe, deterring nuclear war, ensuring freedom of the seas, and providing armed support for U.S. foreign policy efforts.

Soviets have built up their military because they think that the United States poses a serious threat to their safety. (See the chapter on the Soviet Union.)

The United States has approximately 2.1 million people in uniform, making up the air force, the army, the navy, and the marine corps. Although each branch of the service has its own mission, many functions overlap. America's armed forces are expected to defend the United States, deter nuclear war, protect Western Europe from attack, provide forces in support of U.S. foreign policy, and ensure freedom of the seas.

U.S. Nuclear Strategy. The United States maintains a large arsenal of nuclear weapons to deter not only a conventional attack, but also a nuclear strike. Its nuclear defense forces are based on a three-part, or *triad* system of land-based intercontinental ballistic missiles (ICBMs), long-range bombers, and submarines carrying nuclear missiles. The triad ensures that if an enemy attacks American land-based missiles, the United States will still have enough bombers and submarine-launched ballistic missiles (SLBMs) to destroy the attacker.

When the United States was the only country that had nuclear weapons, it used the threat of nuclear attack to deter other nations from starting a war. American leaders promised that they would respond to an attack against the United States or its allies with a full nuclear attack. They believed that the nuclear threat was essential to counter the tremendous size and strength of the Soviet army. Building nuclear weapons was much cheaper than maintaining an army large enough to repel an attack by the Soviet Union. But when the Soviets developed their own nuclear weapons, American military planners realized that a nuclear offensive on the Soviet Union could result in a Soviet nuclear strike against U.S. cities. This fear led to a new realization: the nuclear capability of the Soviet Union and the United States could deter each nation from attacking the other.

Until recently, the foundation of U.S. nuclear policy was "mutually assured destruction" (MAD). Under this concept, the United States assumed that no country would start a nuclear war knowing that it too would be destroyed. Defense strategists still operate under the concept of nuclear deterrence, but no longer believe an all-out nuclear attack is likely. Instead, they believe it is more probable that both sides would exchange a series of nuclear attacks on individual military targets until one side gives in. Critics of U.S. nuclear strategy fear that an exchange of nuclear attacks would not be limited to military targets and that such conflicts would inevitably escalate into all-out nuclear war. They want the United States to agree that it will not use nuclear weapons unless another country launches its missiles first.

Department of Defense

U.S. Marines are shown here making an amphibious assault as part of a routine NATO training exercise near Turkey. Despite the importance to Europe's defense of maintaining a well-trained fighting force, many Europeans often complain of having dangerous military maneuvers taking place so close to where they live.

The Defense of Allies. The defense of Western Europe is important to the United States. Some military experts believe that a third world war could start there. The United States maintains a force of more than 300,000 troops in Western

Europe and spends billions of dollars for its defense. In addition, the United States belongs to the North Atlantic Treaty Organization (NATO), a military alliance that includes Canada, most of Western Europe, Greece, and Turkey. Likewise, the Soviet Union belongs to a similar alliance, the Warsaw Pact, that includes East Germany, Poland, Hungary, Czechoslovakia, Romania, and Bulgaria. The conventional forces of the Warsaw Pact are larger than those of NATO. Therefore, the United States has contingency plans to send additional forces to Europe in case of attack.

In addition to protecting its NATO allies, the United States is committed by treaty to defend its other allies around the world, including Japan, South Korea, and many Latin American countries.

Projection of Force. During the Cold War years of the 1950s and 1960s, the United States often used military force to support troubled pro-American governments, especially those fighting a Communist-backed invasion or insurrection. In 1950, when the army of Communist North Korea invaded the non-Communist country of South Korea, the United States entered the war—along with a United Nations "police force"—to defend the South Koreans. In 1954, when it appeared that the army of Communist revolutionary Ho Chi Minh would take over Vietnam, the United States entered what proved to be a 21-year war with immense human and monetary costs. Perceptions of a Communist threat also led to U.S. intervention in Guatemala (1954), Lebanon (1958), Cuba (1961), the Dominican Republic (1965), and Grenada (1983).

The United States became more reluctant to "flex its muscles" after the Vietnam War. But when Iranian rebels took over the American embassy in Tehran and the Soviet Union invaded Afghanistan in 1979 the United States renewed its commitment to a military that was capable of protecting U.S. interests around the world. In 1982, President Ronald Reagan sent marines to Lebanon to police a cease-fire in that country's civil war. The cease-fire was brief, and Lebanese factions frequently attacked the marines, viewing them as interlopers. The worst attack was a suicide terrorist bombing that killed 241 people at the marine headquarters. The marines were withdrawn to avoid further casualties.

A more recent use of force was the bombing of Libyan military targets in Tripoli and Benghazi in April 1986 to retaliate for terrorist attacks. President Reagan ordered U.S. warplanes to strike targets in Libya after a terrorist bomb in a West Berlin disco had killed two people, including an American soldier, and wounded 200 others. The United States believed that the Libyan embassy in West Germany had planned the bomb attack. However, many American allies opposed the U.S. action because they felt that evidence linking Libya to the bombing was weak, and that the United States was relying too heavily on military solutions to international problems.

In 1983, American forces invaded the island of Grenada to protect American medical students studying there after a left-wing coup took power. U.S. forces took over the island, rescued more than 100 students, and established a pro-American government until elections could be held. The invasion of Grenada was the first large-scale American military operation since the Vietnam War.

U.S. Air Force

The War Powers Act. The Constitution names the president as commander in chief of the military, but gives Congress the power to declare war. Since the end of World War II, presidents have sent U.S. military forces to other countries on several occasions without a declaration of war. In the aftermath of the Vietnam War, Congress passed a law—over the objections of President Richard Nixon—giving Congress more control over the use of troops by the president. The War Powers Act of 1973 requires the president to advise Congress before sending troops to a potential combat zone, places a time limit on the use of troops without approval from Congress or a declaration of war, and gives Congress the power to order the president to bring the troops home.

The War Powers Act has sparked controversy ever since it was passed. Members of Congress believe that the use of the military should not be left solely to presidents and their advisors. Presidents argue that international crises are too complex and too sudden to let Congress have more than a limited voice in foreign affairs. Presidents also maintain that during a crisis they are the only ones who receive all the detailed information needed to decide whether to use force. They contend that congressional involvement restricts presidents unnecessarily, delays American action, and might lead to the disclosure of top secret information.

Reagan's Defense Buildup. After America's withdrawal from Vietnam, U.S. military spending was reduced. However, critics of defense budget cuts argued that the United States was falling behind the Soviet Union in military strength. In 1981, when President Reagan took office, the annual defense budget was $180 billion. By 1988, it had grown to $299 billion. Much of this money was used to purchase 90 new warships, 4,000 tanks, and hundreds of modern aircraft; and to de-

Global Military Spending

Six countries account for 75 percent of all the money the entire world spends on defense. The United States spends the most, followed in order by the Soviet Union, Great Britain, France, West Germany, and China.

velop the MX nuclear missile. President Bush has pledged continued support for the development of modern battlefield weapons, including the Midgetman and Trident D-5 missiles, and the B-1 and Stealth bombers started during the Reagan administration.

Current Issues

Should the Government Spend More Money on Defense? Some members of Congress say that the United States can not afford skyrocketing expenditures for defense. They say that the military should not be immune from the fiscal restraint necessary to reduce the federal deficit. Budget cutters contend that there is much waste in military spending. They claim that the Pentagon has spent large amounts of money on weapons that do not work or are prone to breakdown. They also cite overcharges by military contractors. The government estimates that between 1984 and 1987, these overcharges totaled $789 million. Finally, those who advocate less defense spending say that the Pentagon has achieved many of the goals of the Reagan defense buildup. They say that the country needs to concentrate on solving domestic problems such as housing, education, and crime.

Experts who oppose a decrease in military spending argue that budget cutters are focusing too much attention on dollars and far too little on the question of whether the nation is adequately maintaining its national security and deterring aggression. Opponents of defense cuts say that defense is the one area of the budget that the nation can least afford to shortchange. They claim that cuts in defense spending threaten national security and that such cuts place the United States at risk of falling behind the Soviet Union militarily. Furthermore, budget cuts reduce salaries for military

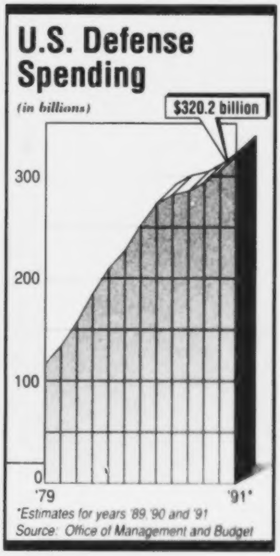
Who Sells Guns to Whom?

From 1982 to 1988, Warsaw Pact members purchased $35 million worth of weapons from NATO countries. During the same period, NATO countries purchased $165 million in arms from Warsaw Pact members.

personnel, which lowers morale and makes it difficult to recruit and keep the most qualified people. Less money would force the Pentagon to delay purchases of new weapons, slow the upgrading of older planes, ships, and military housing, reduce spending for weapons research and development, and decrease the number of American soldiers on duty around the world.

Burden Sharing. The United States spends about $150 billion a year, or one-third of the defense budget, on defending its allies overseas including most of Western Europe, South Korea, Japan, and the Philippines. Some members of Congress maintain that the United States pours too much money into defending its allies and gets too little in return. Such critics say it is only fair for America's allies to share more of the burden. They want America's allies—especially Western Europe and Japan—to contribute more money, men, and equipment to their own defense. These members of Congress say that the countries of Western Europe have rebuilt their economies since the end of World War II and are now capable of paying more for their own defense.

Opponents of increased burden sharing argue that if the Europeans and the Japanese increase their military power, America's role in the world would become smaller. Critics argue that many U.S. allies have increased their defense spending in recent years and that their funds are also limited. In addition, the countries of Western Europe say that they should not pay more. They contend that the United States should help defend them since a war with the Soviet Union is more likely to be fought in Europe than in the United States. The Europeans say that they share the burden by contributing most of the soldiers, combat planes, armored divisions, and fighting ships for their defense. They also point out that military maneuvers on their soil cause millions of dollars in damages to their croplands and roads each year.


U.S. Defense Spending

*Estimates for years '89 '90 and '91

Source: Office of Management and Budget

Since the beginning of the 1980s, the U.S. defense budget has more than tripled. Some experts say that defense spending is out of control and that it is time to cut the Pentagon's budget. However, those who oppose defense cuts claim that U.S. armed forces must keep pace with the Soviet Union. They say that defense is one area of the federal budget that the nation cannot afford to cut.

Department of Defense

Despite modern, high-tech weapons such as computer-controlled missiles and laser-guided guns, U.S. armed forces rely on a large number of people to carry out their missions. The United States has more than 2 million people in uniform—about one-fourth of who are stationed overseas.

Strategic Defense Initiative. In 1983, President Reagan proposed that a new military project be undertaken—a missile defense system in space. He said that the Strategic Defense Initiative (SDI) would shoot down enemy missiles before they reached American soil.

SDI has created controversy. First, many scientists believe that SDI technology is still in its infancy and that it is too complex to build. Second, SDI will not stop low-flying missiles or bombers, only high-altitude intercontinental ballistic missiles (ICBMs). Third, SDI will start an expensive arms race in space and put further strain on the national budget. (Some experts predict that SDI will cost $1 trillion to develop, but others believe that the final costs will be much higher.) Fourth, critics say that SDI will upset the existing balance of nuclear deterrence because it will give the United States a significant military edge over the Soviet Union.

Supporters of the Strategic Defense Initiative argue that it would be a purely defensive system that would lessen the threat of nuclear war. Rather than rely on the fear of massive destruction, the United States can use advanced technology to prevent nuclear war. Moreover, SDI will encourage the Soviets to take arms reduction negotiations more seriously. In any event, supporters, including President Bush, say that research on a space-based antimissile system must go forward as a hedge against similar Soviet developments.

Long-Range Bombers. The United States is currently producing two sophisticated, but controversial, long-range bombers designed to carry nuclear weapons. These new bombers, the B-1 and the B-2, will replace the aging B-52s as the nation's main nuclear missile-carrying airplanes.

The B-1 Bomber. As designed, the B-1 is superior to other bombers because of its ability to fly very fast at low altitude. This feature would allow the plane to enter enemy airspace without radar detection and to destroy strategic targets.

When Congress approved funding for the B-1 bomber, it imposed a strict budget ceiling of $28.3 billion for the purchase of 100 planes and a tight deadline for their delivery. The B-1 entered the air force arsenal in September 1986, on time and within budget restrictions. But the air force soon found that the plane was riddled with problems. The B-1 had difficulty flying at low altitude—its intended purpose. Its sophisticated electronics system, designed to allow it to escape radar detection, did not work. Fuel tanks leaked, bomb doors did not open, and a computerized maintenance system proved unreliable. Four B-1s have crashed during test flights since 1987.

Critics term the B-1 bomber an expensive disaster. They cite the B-1 program as an example of Pentagon mismanagement. The Department of Defense failed to adequately oversee contractors who were building the plane. Investigators from the General Accounting Office (GAO) found many instances of shoddy record-keeping and financial irregularities. And the hectic production schedule did not allow adequate time to test all of the B-1's sophisticated equipment. As a result, some experts claim that the plane was defective from the time it rolled off the assembly line. Critics of the B-1 say that the Pentagon spent more than $28 billion of taxpayers' money on a plane that does not work. The electronics system alone will cost $520 million to repair, and some experts think the government could spend as much as $10 billion to make all the necessary improvements.

The B-1 Bomber

The cost of flying a B-1 bomber for one hour is $21,000.

Air force personnel acknowledge problems with the B-1, but claim that such problems are not unexpected and can be remedied. Supporters of the plane point out that all new weapons systems undergo a "break-in" period before they work perfectly. They contend that the flight crews and ground support personnel must be thoroughly re-

U.S. Air Force

Developed in secrecy for nearly ten years, the B-2, or Stealth bomber, was unveiled to the public in November 1988. The plane's unique design enables it to escape enemy radar detection. The air force is planning to buy 132 B-2s at a cost of more than $520 million per plane.

trained to deal with such a highly technical plane as the B-1. Proponents of the B-1 say that the plane is operational. The air force contends that despite its problems, the B-1 is a revolutionary aircraft—it has broken four world speed records—and is necessary to maintain national security.

The B-2 Bomber. The B-2, or Stealth bomber, will be able to escape enemy radar detection at any altitude. The government wants to buy 132 Stealth bombers for $68.5 billion. It is the most expensive new weapon designed in recent years. Proponents of the B-2 claim that the Soviet Union will not attack the United States if American B-2s can escape radar detection and drop bombs on Soviet mobile missile sites—the mission the B-2 is best suited to undertake. Supporters of the B-2 believe that the United States should continue to develop the plane because Stealth technology could later be applied to warships, helicopters, and cruise missiles.

But critics of the B-2 say that its development is a waste of funds that could be used to modernize existing weapons systems. They point out that the cost of the B-2 has increased 20 percent more than expected and that the production of the plane is behind schedule. Critics argue that the plane has only one mission—attacking mobile missiles—which could be achieved with cruise missiles instead. Even with Stealth bombers in the U.S. arsenal, the Soviets could still launch nuclear missiles in a surprise attack before the B-2s could respond. In addition, opponents of the plane point out that the sensors needed to detect the Soviet mobile missiles have not even been invented and that new types of radar devices could make Stealth technology obsolete in a few years.

Outlook

The Bush administration faces tough challenges on America's defense. The security needs of the United States are changing. The threat of smaller, regional conflicts is greater. The Soviet Union is still an adversary, but an adversary which some observers believe to be less hostile. President Bush says that his first priority is to maintain the defense of the country. He says that his administration will spend whatever it takes to keep the nation secure. However, faced with budget constraints and problems with some new weapons systems, Congress may impose strict limits on military spending.

The Debate Defense

Should the Defense Budget Be Increased?

PRO

The government's first priority is to protect the national security of the United States. A strong military force requires additional funds every year. We need the most advanced weapons and the most highly trained military possible to deter Soviet aggression. The cost of new weapons is not excessive and should not be an issue when the nation's survival is at stake.

CON

We spend too much money for defense. We are contributing to the federal budget deficit by spending more and more of our resources on needless military equipment. Furthermore, the Pentagon wastes money every year by paying millions of dollars to defense contractors who purposely overcharge the government for weapons and parts.

Should the United States Develop the Strategic Defense Initiative?

PRO

We cannot rely on the policy of mutually assured destruction (MAD) forever. The Soviets are building advanced missile and defense systems, which threaten to overwhelm U.S. forces. A ballistic missile defense system in outer space can be built, given time and money, and would protect the United States from a Soviet nuclear attack. This system would allow us to live without the fear of nuclear destruction.

CON

The Strategic Defense Initiative (SDI) is an impossible dream. No space defense system could be 100 percent effective because no system could stop missiles fired from submarines or launched from airplanes. If we begin building SDI, we will start a new arms race in space that will cost billions of dollars. SDI would also violate our promise under the first Strategic Arms Limitation Talks (SALT I) Treaty not to build anti-ballistic missile systems.

Should Congress Have the Power to Block the Use of Military Force by the President?

PRO

Every president since World War II has sent troops into combat situations without a congressional declaration of war. The authors of the Constitution intended that the president and Congress should share war-making powers, because they feared putting too much power into the hands of the president alone. If Americans are going to die in faraway places, then they should have a voice—through their elected representatives in Congress—in deciding when and where they will go.

CON

If Congress does not approve of the president sending U.S. troops to fight somewhere, it can bring them home by cutting off the money to pay for the war. But congressional interference in foreign affairs would do the country great harm. Allies and enemies alike would be unsure whether U.S. troops would stay and fight. The United States must speak with one voice, and that voice must belong to the president—the only person with all the information needed to make urgent foreign policy decisions.

Central America

Central America and the United States have been closely linked for more than 150 years. In 1823, President James Monroe declared that the United States would protect the nations of the Western Hemisphere from further European colonization. This pledge of protection—known as the Monroe Doctrine—included the countries of Central America. Since then, U.S. interest in Central America has grown steadily. American businesses made large investments in the mines, plantations, and factories of Central America. Congress sent billions of dollars in aid to help Central Americans build roads, schools, and hospitals. And several times the United States intervened militarily in Central America to protect American businesses and friendly governments.

However, despite heavy U.S. involvement, there is little history of representative government in most of Central America. Today, the political and economic condition of many Central American nations is critical. Poverty is widespread throughout the region. A ten-year civil war in El Salvador continues. In Panama, General Manuel Noriega, who has been charged by the U.S. government with drug trafficking, recently took control of the government. And in Nicaragua, negotiations between anti-government guerrillas (the *contras*) and the Sandinista government have not brought a lasting peace.

Against this backdrop, President George Bush must promote U.S. economic and political interests. How well the president faces this challenge will be closely watched by everyone who considers Central America to be "our own backyard."

Key Questions

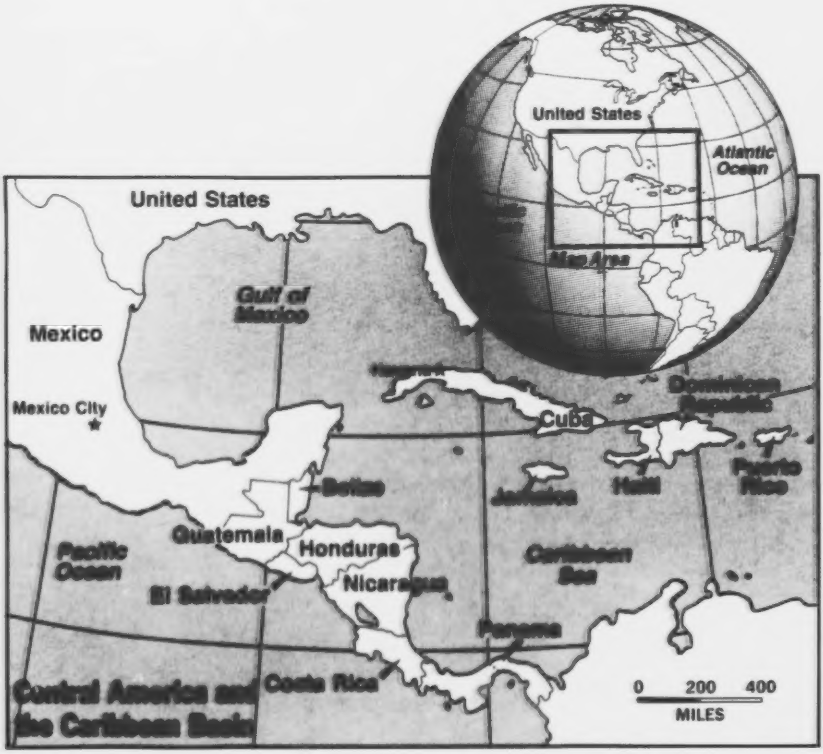
- Should the United States emphasize military aid—rather than economic aid—to Central America?
- Should the United States support the *contras?*
- Should the United States give aid to El Salvador?

Background

Cuba and the Countries of Central America

Cuba. Cuba is not part of Central America, but it has had a tremendous impact on the region. The 1959 communist revolution in Cuba and the country's defiance of the United States have inspired many revolutionary groups in Central America.

During the first half of this century, Cuba was almost a U.S. colony—the playground of America's rich. But most Cubans lived in extreme poverty. The government of pro-American dicta-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MILES
Central America and the Caribbean Basin

tor Fulgencio Batista, who ruled from 1952 until 1959, was harsh and corrupt, and set the stage for Fidel Castro's takeover in 1959. Leftists quickly came to dominate Castro's government, instituting a program of sweeping economic and social change. Many of Castro's opponents were imprisoned or killed. Some 700,000 of them fled to the United States in the first years of the Castro government.

By 1960, Castro's belligerent anti-Americanism and his growing ties with the Soviet Union had seriously strained relations between the United States and Cuba. When Castro seized American assets in Cuba, President Dwight D. Eisenhower retaliated by cutting trade with Cuba.

Two crises completed the break with Cuba. When President John F. Kennedy took office in 1961, the Central Intelligence Agency (CIA) was already training a group of anti-Castro refugees to invade Cuba. In April of that year, more than 1,200 anti-Castro Cubans landed at the Bay of Pigs, ninety miles south of Havana, Cuba. But Castro's superior forces quickly crushed the invaders. In 1962, the United States learned that the Soviets had based nuclear missiles in Cuba. President Kennedy placed U.S. military forces on alert and blockaded the island until the missiles were removed.

Today, Cuba is a close ally of the Soviet Union and receives approximately $4.5 billion annually in Soviet aid. The United States maintains that Cuba supports revolution in Central America by supplying military equipment to procommunist groups in the region.

Guatemala. Since 1954, assassinations and political violence have been the norm in Guatemala. The occasional elections were subject to widespread fraud by the government in power. On March 7, 1982, the presidential election was won by General Angel Ambal Guevara, the handpicked successor of the former dictator, Fernando Romeo Lucas Garcia. Many people suspect that Guevara won the election by fraud.

Two weeks after the election, Guevara was overthrown in a military coup. His successor, General Efrain Rios Montt, was in turn overthrown eighteen months later and replaced by another army general, Oscar Humberto Mejia Victores. In 1985, the Guatemalan people elected a civilian president, Vinicio Cerezo Arevalo.

Many people hoped that President Cerezo would encourage social reform and end political violence. But Cerezo refused to prosecute any army officers for past murders or political crimes. Guatemala averages more than forty murders a month, most of them politically motivated. In response to continued reports of repression and murder by the armed forces, the United States refuses to send military aid to Guatemala.

El Salvador. Most of El Salvador is divided between the very rich and the very poor. Until recently, more than 85 percent of the tillable land belonged to 5 percent of all the landowning families. The wealthiest of these—known as the fourteen families—were closely aligned with right-wing military officers who ruled El Salvador for nearly fifty years.

In October 1979, the United States backed a bloodless coup by moderate military officers who intended to take power away from the fourteen families and the military to establish a reform-oriented civilian government. By March 1980, the government, controlled by Jose Napoleon Duarte's Christian Democratic Party, had decreed the Basic Law of Agrarian Reform. The decree established a program to break up the larger and medium-sized estates, organize agricultural cooperatives, and give land to tenant farmers.

But some leftist members of the new government wanted the large estates broken up immediately and left the government in protest. Their departure touched off a wave of demonstrations followed by armed rebellion. Meanwhile, right-wing extremists opposed to the government's land reform policy organized "death squads" that murdered and terrorized those who opposed them. Many military officers and soldiers were accused of joining the death squads. The Duarte government was caught between the left- and right-wing forces.

El Salvador's ongoing civil war has taken a heavy toll on the country. More than 70,000 people, mostly civilians, have been killed, and nearly one-fourth of the population has been displaced. Many Salvadorans live in exile or in refugee camps.

Elections for a constituent assembly—a legislative body similar to the U.S. Congress—were held in 1988. The right-wing Nationalist Republican Alliance (known as the ARENA party) won a majority of the assembly's seats. Critics have accused ARENA of blocking land reforms and encouraging the death squads. In 1989, Duarte's Christian Democrats lost the presidential election to ARENA's Alfredo Cristiani. Most leftist groups refused to participate in the presidential election, and many of them disrupted the voting by keeping people away from the polls.

Aid to El Salvador

According to the Congressional Research Service, the United States has given $681 per minute to El Salvador since 1980. In 1986, U.S. aid accounted for more than half of El Salvador's government revenues.

Honduras. Despite a weak economy and the turmoil of its neighbors, Honduras has remained relatively quiet. Some officials attribute this stability to the democratically elected civilian president, Jose Azcona Hoya, but others believe that stability in Honduras is due to a strong U.S. presence there.

The United States has promised to defend Honduras in the event of an attack. Since 1983, more than 1,000 U.S. troops have been permanently stationed there. In the last six years, the U.S. Army has staged numerous military exer-

Daniel Ortega was one of the leaders of the Government of National Reconstruction after the Sandinistas took control of Nicaragua. In 1984, Ortega was elected president of Nicaragua, although the U.S. government dismissed the election as fraudulent. Ortega currently faces a massive economic crisis—the annual inflation rate in Nicaragua is 5,900 percent.

Reuters/Bettmann Newsphotos

cises in Honduras. The U.S. Army has also built airfields and bases for possible use by U.S. troops and has established training facilities for the Honduran army. In addition, the United States has used Honduras as a base for the Nicaraguan *contras* fighting the Sandinista government.

The continued U.S. presence in Honduras places the country in a difficult position. Although American military personnel have pumped money into the Honduran economy, critics claim that a continued U.S. presence there could lead to war between Honduras and Nicaragua.

Nicaragua. In 1909, the United States sent a naval force to intervene in Nicaragua after two Americans were executed. U.S. marines stayed in Nicaragua off and on until 1933. Before leaving, the marines trained General Anastasio Somoza Garcia to lead a national guard. Somoza used the national guard to assassinate guerrilla leader Augusto Sandino, overthrow liberal President Juan Batista Sacassa, and establish a military dictatorship. During the next forty-five years, three Somozas ruled Nicaragua—Anastasio Somoza and his two sons, Luis Somoza Debayle and Anastasio Somoza Debayle. The Somozas were so undemocratic and corrupt that, by 1978, many Nicaraguan peasants, business leaders, and members of the middle class had ceased to support the Somoza regime.

The Sandinistas. On July 20, 1979, after a two-year civil war, the Somoza regime was overthrown by a popular opposition movement made up of a procommunist group—known as the Sandinista National Liberation Front—and several other political factions representing both the poor and the middle classes. A new Government of National Reconstruction was formed. Although the Sandinistas played a major role, the new government also included representatives of the private business sector and the middle class. The new government said it would spurn "American-style" capitalism and "Soviet-style" communism and follow a third way: a part-socialist and part-capitalist economy with political pluralism—many political groups instead of one.

Despite strong U.S. opposition and a continuing war with antigovernment rebels (*contras*), the Sandinista government has remained in power, achieving significant reforms in education and land ownership. The Sandinistas have also held elections, although the United States considered them to be fraudulent. Meanwhile, Nicaragua has established strong ties to the Soviet Union and Cuba. The Soviet Union and its allies give Nicaragua $1 billion a year in military and economic aid. In response to Nicaragua's procommunist government, the United States enacted a trade embargo against the Sandinistas and has strongly backed the *contra* forces.

Today Nicaragua faces severe economic problems. The nation has an annual inflation rate of 5,900 percent and the government has come under intense internal pressure to improve the economy. Recently, Nicaraguan President Daniel Ortega agreed to a regional peace plan in which the *contra* forces will be disbanded if his government holds democratic elections in 1990. Many experts believe that Ortega agreed to the plan because he can no longer afford to spend money fighting the *contras* while Nicaragua's economy is in ruins.

UPI/Bettmann Newsphotos

Costa Rican president Oscar Arias Sanchez is the main architect of the Guatemala Accord, a peace plan for Central America. His efforts to bring an end to war in the region earned Arias the Nobel Peace Prize in 1987.

Costa Rica. Costa Rica is a model of democracy in an otherwise troubled region. For the most part, Costa Rica has held open, free elections since 1889. In the past forty years, Costa Rica has held ten presidential elections and only twice was the candidate of the party in power returned to office.

In 1986, Oscar Arias Sanchez became president. His party, the National Liberation Party, also won a majority of seats in the Legislative Assembly. Many Costa Ricans believe the National Liberation Party has helped to stabilize the economy.

But, Costa Rica has been hurt by growing political unrest in Central America. For example, Costa Rica does not have an army and therefore cannot stop Nicaraguan soldiers from crossing its borders to pursue *contra* rebels. At times, Nicaraguan troops have fired on the Costa Rican Civil Guard, a civilian patrol that protects cities and border areas. Costa Ricans say the situation in Nicaragua discourages foreign investment and tourism in their country. In addition, refugees from Nicaragua, El Salvador, and Guatemala have placed a heavy burden on Costa Rica's educational and health care facilities. To ease the burden on his country and to solve the problems in the region, President Arias proposed a peace plan to end the wars in Central America. Although all the countries in the region have signed the agreement, it has not yet been implemented.

Panama. Panama proclaimed its independence from Colombia in 1903, and then signed a treaty with the United States to complete the Panama Canal. Under the terms of this treaty, the United States controlled the canal even though it was in

Panamanian territory. This arrangement continued until 1979, when the United States agreed to gradually give total control of the canal to Panama by the year 2000.

Panama does not have a history of democratic government. The first direct presidential elections were held in 1984 under a constitution giving an important governmental role to Panamanian military commander, General Manuel Antonio Noriega. Noriega demanded the resignation of the elected president, Dr. Nicholas Aridito Barletta. Barletta did resign and was replaced by the first vice president, Eric Arturo Delvalle. In 1987, Delvalle tried to replace General Noriega. However, the National Assembly—a body similar to the U.S. Congress but controlled by Noriega's supporters—dismissed Delvalle. Noriega then appointed a new president, Manuel Solis Palma, and promised to hold new elections on May 7, 1989. However, U.S. observers sent to monitor the election reported widespread fraud by Noriega's supporters.

For the last several years, the U.S. government has tried unsuccessfully to oust Noriega from power. In 1988, two federal grand juries indicted General Noriega on drug smuggling charges. Later that year, the U.S. government imposed economic sanctions against Panama. U.S. banks are now forbidden to release money to the Panamanian government. The United States has suspended trade preferences, foreign aid, and fees due to Panama for public services such as police protection, street lighting, and road repairs near the canal. The Reagan administration also tried to negotiate an agreement with Noriega, whereby Noriega would have resigned as military commander and the United States would have dropped the drug charges.

Although none of these efforts succeeded in removing General Noriega from power, the sanctions did hurt Panama's economy. Since Panama uses American dollars for its currency, the Panamanian government had little money. The government could not pay its own employees, who then began to strike. Unemployment doubled, and production in Panama's factories and on its farms declined. However, the government has managed to survive on the dollars spent by the 45,000 Americans living in Panama.

Plans for Peace

Contadora Peace Plan. Many Central American countries believe that the conflicts in the region can best be solved through diplomatic means, rather than through military conflict. During the last five years, leaders from several Latin American countries have met to discuss how best to achieve peace. In 1983, leaders from four countries—Colombia, Mexico, Panama, and Venezuela—met on the island of Contadora to draft a peace plan for Central America. The Contadora peace plan calls for: (1) ending all arms imports into Central America; (2) expelling all foreign military advisors, including those from the United States; (3) prohibiting aid to guerrilla movements; (4) prohibiting foreign military maneuvers; and (5) limiting the size of Central American armies. Although the Contadora peace plan was aimed at settling the conflict in Nicaragua, all Central American countries would be bound by these terms. Despite several meetings of the Contadora group since 1983, no final agreement has been reached.

Guatemala Accord. In February 1987, Oscar Arias Sanchez, the president of Costa Rica, submitted a new plan for peace known as the Guatemala Accord. His plan differs from the Contadora plan in that it places greater emphasis on "democratization" by the Sandinista government and lays out detailed implementation procedures, including a timetable for each phase of the plan.

The Guatemala Accord calls for the government of Nicaragua to (1) declare a cease-fire with the *contras;* (2) begin direct negotiations with *contra* representatives; (3) establish a timetable for free elections; and (4) allow the opposition press to resume printing. The plan also calls for a general amnesty for all political prisoners and the complete cut-off of aid to all rebel movements in Central America, including the *contras*. Representatives from the United Nations, the Organization of American States, and the Contadora countries would be appointed to supervise the peace plan.

Progress in implementing the Arias plan has been slow. None of the countries has fully complied, and nearly all the agreement's deadlines have been missed. Talks between the Sandinistas and the *contras* have started up and broken down several times. In 1989, the Central American presidents met to revive the Arias plan. At this meeting, Nicaraguan president Daniel Ortega promised to hold national elections in February 1990, to broaden freedom of the press, and to release more than 3,000 *contras* now in jail. The Central American presidents also agreed to disband the *contra* forces and to allow them to return safely to Nicaragua.

"Latin" and "Central" America

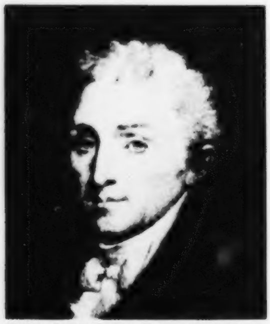
"Central America" is the term used to describe the countries north of South America and south of Mexico. These countries include Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. "Latin America," in general, is the area south and southeast of the United States and refers to countries where the people speak Spanish, Portugese, and French—languages that stem from Latin. However, not all of Latin America is truly "Latin." For instance, Belize was a British colony and English is its official language.

U.S. Foreign Policy

Monroe Doctrine. In the early 1800s many Spanish colonies in Central America fought for and achieved independence. In 1823, President Monroe informed the world that the United States would regard any European attempt to reestablish colonies in the Americas or to intervene in the affairs of the Western Hemisphere as an act of hostility. However, since the time of the Monroe Doctrine, U.S. policy in the region has changed:

- Spanish-American War (1898). The United States fought the Spanish-American War in part to help Cuba achieve independence from Spain, but also to gain influence in Cuba after the war. In 1901, Congress passed the Platt Amendment, which gave the United States access to naval bases on the island and authorized the United States to intervene in Cuba "when necessary."

- Dollar Diplomacy (1912). President William Howard Taft said that U.S. interests in Central America could best be served by "substituting dollars for bullets." American businesses invested heavily in Central America and gained substantial influence over regional governments.
- Good Neighbor Policy (1933). President Franklin D. Roosevelt sought better relations with Central America through his "good neighbor policy." The United States pledged to cooperate politically and economically with Central America and to not intervene in any country's domestic affairs.
- Inter-American Treaty of Reciprocal Assistance (1947). This treaty says that if an outside nation attacks any country in the Americas, other American nations are obligated to provide assistance.
- Anticommunist Interventions. After World War II, U.S. policy emphasized intervention to prevent communist regimes from gaining power anywhere in the Americas. Examples include U.S. involvement in the 1954 coup against reformist President Jacobo Arbenz Guzman in Guatemala and the 1961 Bay of Pigs invasion of Cuba.


National Portrait Gallery, Smithsonian Institution, Washington, D.C.

In 1823, President James Monroe announced that the United States would regard any attempt by European countries to reestablish colonies in the Americas, or to intervene in the affairs of the Americas, as an act of hostility. This pronouncement, known as the Monroe Doctrine, demonstrated the United States' resolve to defend its interests in Latin America.

U.S. Economic Aid to Central America. Fidel Castro's takeover of Cuba in 1959 shocked the United States. American business and government leaders had taken for granted their control over Cuba and Central America. But a new element—communist insurgency—now threatened U.S. dominance.

To avoid another "Cuba," President Dwight D. Eisenhower proposed to give military and economic aid to Central America. He hoped that the aid would help the poor and lessen the likelihood that they would support radical political change.

In the 1960s, President John F. Kennedy created the Alliance for Progress, an economic aid program that provided funds for roads, schools, hospitals, and water projects. But the aid did not put an end to social and economic inequalities in the region. Many Central Americans knew that great sums of money were being spent in their countries, but because of political corruption and government mismanagement, they saw little improvement in their own lives.

In 1982, Congress approved a new economic plan for the region called the Caribbean Basin Initiative. This plan gave large amounts of economic aid to the region, special duty-free status to products made in the Caribbean, and tax incentives to American businesses that invested in the region. However, in order to participate, nations had to lower tariffs on American products and cooperate militarily with the United States.

Human Rights. During the mid-1970s, President Jimmy Carter and many liberal Democrats in Congress led the way in making human rights—rather than anticommunism—the cornerstone of U.S. foreign policy. President Carter said that no country "can claim that the mistreatment of its citizens is only its own business." He threatened to cut foreign aid to any country that continued to abuse its citizens and stopped military aid to Argentina, Chile, El Salvador, Guatemala, and Nicaragua.

The Reagan Doctrine. In the 1980s, President Ronald Reagan moved U.S. foreign policy initiatives away from an emphasis on human rights and back toward containing communism in the Western Hemisphere. Reagan believed that U.S. security interests were directly threatened by communists operating in Central America with the support of Cuba and the Soviet Union. To prevent communist rebels from gaining power, he believed the United States should strengthen its presence in the region and supply large amounts of economic and military aid to U.S. allies in Central America.

During the last three years of his presidency, President Reagan focused his attention on Nicaragua. In 1986 and 1988, Reagan asked Congress to approve millions of dollars in military and nonlethal "humanitarian" aid for the *contra* forces fighting in Nicaragua. In 1986, Congress was divided over the president's request but eventually approved $100 million—$70 million in military aid and $30 million in humanitarian aid. In 1988 and 1989, Congress rejected military aid but approved some humanitarian aid for the *contras*.

The Iran/*Contra* Affair. In November 1986, the Justice Department revealed that a White House

*Lt. Col. Oliver North testified before congressional committees investigating the Iran/*contra *affair. He is one of four people facing criminal charges from the diversion of funds to the* contras. *At his trial in 1989, North was charged with lying to Congress, obstructing justice, and attempting to cover up illegal activities.*

UPI/Bettmann Newsphotos

staff member, Lieutenant Colonel Oliver North, had secretly sent millions of dollars to the *contras* in Nicaragua. According to reports, North had diverted profits from secret U.S. arms sales to Iran to the *contras*. This secret funding came at a time when Congress had banned U.S. aid to the *contras*. Further details revealed that between 1984 and 1986, administration officials had organized a secret network of private citizens and foreign government officials to give aid to the *contras*.

In response to the Iran/*contra* revelations, Congress created two special committees to investigate the secret aid network. In a majority report, the committees concluded that the Iran/*contra* affair resulted from White House secrecy and deception, that government officials used illegal means to accomplish the president's policy goals, and that President Reagan failed to instill respect for the law among his staff members.

In 1989, criminal charges were brought against Oliver North and three others involved in the secret funding network. North (now retired from the marines) was the first to be tried. He faced twelve charges including lying to Congress, obstructing justice, and covering up illegal activities.

Current Issues

Does the Sandinista Government Threaten Our National Security? Some people believe that the Sandinistas in Nicaragua will spread communism throughout Central America. They say that the Sandinistas have given weapons to leftist forces in Costa Rica, El Salvador, Guatemala, and Honduras. They also warn that if the Sandinistas are not checked, unrest and revolution could engulf Central America and Mexico. Opponents of the Sandinistas believe that both the Soviet Union and Cuba supply the Sandinistas with military and economic aid and that Nicaragua may allow the Soviets to build a naval base there. A Soviet naval base in Nicaragua would be a threat to vital sea lanes that carry almost half of U.S. exports and imported oil.

Conversely, others believe that the Sandinistas are not a threat to the security of the United States. They say that Nicaragua is a small country that cannot begin to match the military and economic might of the United States. In their view, the United States government invented a Sandinista "threat" to build public support for overthrowing a government it disliked. They also claim that there is no evidence that the Soviet Union is building a naval base in Nicaragua. People who believe that the Sandinistas do not threaten the United States say that Nicaragua knows that if it ever became a clear and direct threat to U.S. interests, the United States would take decisive military action against it.

Should the United States Support the *Contras?* Some people object to Nicaragua's leftist government. They believe that the structure of the Sandinista government must be changed. Supporters of this view want the United States to continue to give military aid to the *contras* whom, they believe, offer the best hope for forcing the Sandinistas to change.

Supporters of the *contras* say that they do not seek to overthrow the Sandinista government, only to force the Sandinistas to end their repression of individual rights and allow democratic elections to be held. *Contra* supporters claim that the Sandinistas have betrayed the 1979 Nicaraguan revolution that brought them to power. The Sandinistas have harassed the Catholic church, limited the participation of competing political parties, reduced the freedom of the press, and curtailed other civil rights. *Contra* supporters say that the United States should continue to send them military aid until Ortega's government has

U.S.-Cuban Relations

A recent Gallup poll found that 53 percent of Americans favor normalizing relations with Cuba.

Reuters/Bettmann Newsphotos

Anti-Sandinista rebels—known as* contras*—have fought for seven years to overthrow the leftist government in Nicaragua. Now the future of the* contras *remains uncertain. In 1989, when Nicaraguan president Daniel Ortega announced that elections will be held in 1990, the presidents of the Central American nations agreed to disband* contra *bases in their countries. The U.S. Congress reached an agreement with President Bush to continue supplying humanitarian aid, but not military aid, to the* contras *until the elections are held.

fulfilled its promise to hold democratic elections in February 1990.

Opposition to continued U.S. support of the *contras* is equally strong. Some members of Congress say the United States cannot intervene in Nicaragua simply because it disagrees with the policies of the Sandinista government. They say that the Nicaraguan people have a right to choose their own type of government and their own leaders. Some members of Congress are also concerned about possible human rights violations committed by the *contras*, some of whom were members of Somoza's National Guard. Critics of continued military aid point out that the government has agreed to democratic elections. They claim that the *contras* no longer have a reason to exist and should return to their country to participate in the elections.

U.S. Aid to El Salvador. El Salvador's former president, Jose Napoleon Duarte, was an ally of the United States. His government received U.S. economic and military aid to strengthen El Salvador's economy and fight communist rebels. From

1980 to 1989, the United States sent El Salvador $4 billion, the biggest share of the Salvadoran budget.

In 1988, a right-wing political party, the Nationalist Republican Alliance (or ARENA) won a majority of seats in the Salvadoran legislature; and in 1989, the ARENA candidate for president, Alfredo Cristiani, was elected. Some leaders of ARENA have been linked with death squads and anti-American activities in the past. Today, some members of Congress think the United States should cut aid to the ARENA-controlled government.

Reuters/Bettmann Newsphotos

Alfredo Cristiani was elected president of El Salvador in March 1989. Some U.S. experts fear Cristiani will reverse the economic and political reforms of the former Duarte government and that other members of his party will encourage right-wing death squads. His government also faces the threat of communist guerrillas who have been fighting the government for more than ten years.

Members of Congress who favor cutting aid say that the United States should not support an ARENA government because some of its leaders blame the United States for El Salvador's failure to defeat communist rebels in their country and have called for a withdrawal of U.S. military advisers. These lawmakers say that the United States should not support a government whose members may have been linked to death squads who in the past have killed their opponents. Many U.S. officials think that the new government of El Salvador will halt the economic and human rights reforms that were slowly producing some peace and stability under President Duarte.

Those who favor continuing aid to El Salvador say that the country needs U.S. aid to strengthen its economy and defeat communist guerrillas. They claim that maintaining a democratic government in El Salvador is more important than allowing the communists to gain control. Supporters of U.S. aid to El Salvador say that without it, the Salvadoran economy would collapse, causing even more violence and civil war.

Outlook

Civil wars, revolutions, poverty, and unjust economic and political systems have plagued Central America for many years, and the situation is not likely to improve soon. The greatest obstacles to peace appear to be mistrust and outside support to rival groups.

The question for the United States is: Can Congress and President Bush agree on a policy to deal with injustice and political upheaval in Central America? President Bush believes that the United States should fight the spread of communism in Central America. He wants to keep the *contras* together in Honduras until Nicaraguan president Daniel Ortega fulfills his promise to hold national elections. Some members of Congress are reluctant to send more aid to the *contras* and believe that the United States should let the Central American leaders try to solve the region's problems. In addition, Congress and the president must decide how the United States will deal with the new governments in El Salvador and Panama.

The Debate Central America

Should the United States Emphasize Military Aid—Rather Than Economic Aid—to Central America?

PRO

Economic aid is fine—when there is peace. Unfortunately, economic aid cannot fight communist groups. Economic aid is wasted when bridges are destroyed, when food is diverted from the poor, and when crops are burned. The time to rebuild Central America is after peace is secured, and that can only happen after the communists are convinced that they cannot achieve victory.

CON

Military aid does not address the problems of poverty and social injustice that have caused the conflicts in Central America. Peasants will continue to join communist groups until Central American governments make a concerted effort to cure their society's social and economic ills. The United States should provide constructive—not destructive—support to these governments.

Should the United States Support the *Contras?*

PRO

The Sandinistas threaten the national security of the United States by supporting revolutionary movements throughout Central America. U.S. support of the *contras* prevents the Nicaraguan government from becoming a communist base in Central America. The government should continue to support the *contras* until the Sandinistas hold fair, democratic elections.

CON

The United States has no right to interfere in the domestic affairs of Nicaragua. Moreover, the *contras* are no longer needed since the Sandinistas have agreed to hold democratic elections under the Guatemala Accord. The *contras* are led by right-wing terrorists who offer only a return to the policies of the dictator Somoza. The United States must not battle injustice with injustice.

Should the United States Give Aid to El Salvador?

PRO

El Salvador needs U.S. aid to fight communists and strengthen its war-torn economy. The United States may not like El Salvador's current leaders, but they were democratically elected by the people. Maintaining a democratic government in El Salvador is more important than allowing the communists to gain control of the country. Without economic aid, the Salvadoran economy would collapse, causing even more violence and civil war.

CON

Aid to El Salvador should be stopped. The new government is controlled by the Nationalist Republican Alliance, which has been linked to right-wing death squads. Observers of the new government expect it to halt the economic and human rights reforms that were slowly producing some peace and stability. The United States should not support leaders who kill their political opponents and oppose American involvement in their country.

The Middle East

On May 14, 1948, David Ben-Gurion, a leader of the Jewish Agency for Palestine, announced the creation of Israel in the territory of Palestine. In neighboring countries, Arab leaders denounced the formation of Israel. They believed that the Jews had stolen land that rightfully belonged to the Palestinian Arabs. At midnight, Arab soldiers invaded Israel.

Since that first Arab-Israeli war in 1948, the Israelis and the Arabs have fought five more wars. Their conflict has dominated the Middle East and has affected countries around the world. Arab leaders believe that the Palestinians should have their own nation on land currently held by Israel. The Palestinians have resisted Israeli rule and have attacked Israeli military and civilian targets. Israel insists that a Palestinian nation cannot exist without Israeli control. Despite attempts by the United States and others to negotiate peace, the Israelis and the Arabs have not agreed to a settlement.

But recent events could eventually lead to peace in this troubled region. In 1988, Palestinian officials announced the creation of a separate Palestinian nation on land occupied by Israel. Palestinian leaders agreed to stop terrorist attacks, recognized Israel's right to exist, and accepted United Nations proposals to end the Arab-Israeli conflict. Although the United States, a strong supporter of Israel, does not recognize the new Palestinian state, U.S. officials held their first talks with Palestinian leaders to discuss new peace proposals. Some observers believe that a peaceful settlement to the Middle East conflict is closer now than ever before.

Key Questions

- **Should the United States support an independent Palestinian state?**
- **Should the United States insist that Israel return the occupied territories?**
- **Should the United States support an international peace conference on the Middle East?**

Background

The Major Actors in the Middle East

Israel. Israel was formed from part of the Palestine Mandate—the territory of Palestine mandated to Great Britain by the League of Nations after World War I. Palestine then included areas now comprising Jordan, Israel, the west bank of the Jordan River (the West Bank), and the Gaza Strip.

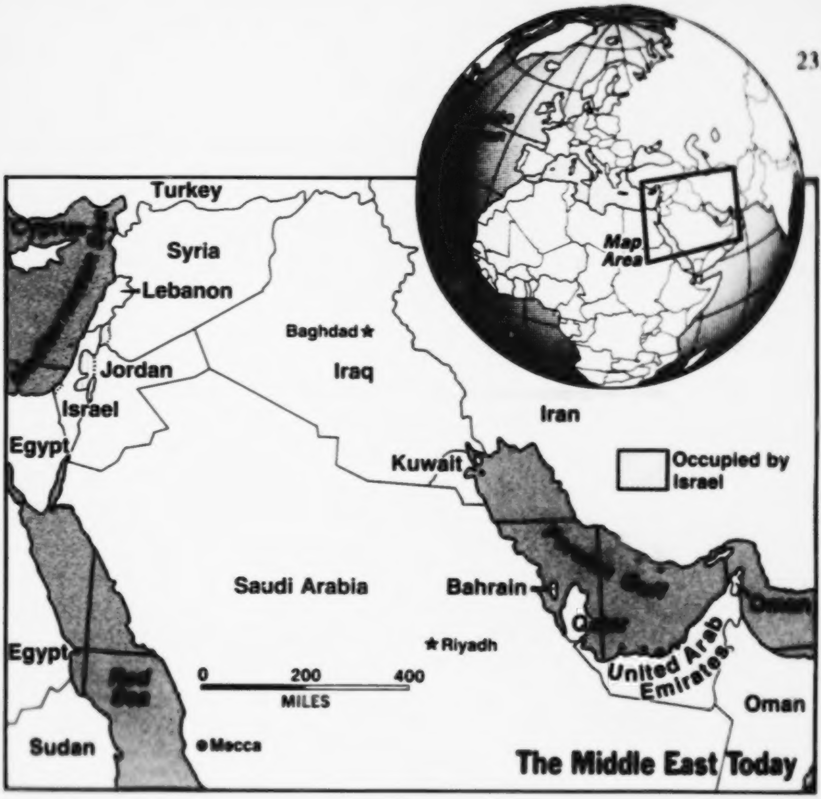
Modern Israel grew out of Zionism, a political movement founded in 1897 to establish a Jewish homeland free from anti-Semitic persecution. Twenty years later, in the Balfour Declaration, the British government agreed in principle to a Jewish homeland in Palestine. Tens of thousands of Jews immigrated to Palestine, joining Jews who had lived there for centuries. While the Balfour Declaration was a significant step, the major drive to establish a Jewish state grew out of the Holocaust—the attempted extermination of European Jews by the Nazis. Thousands of homeless survivors of the Holocaust went to Palestine after World War II. In 1947, the United Nations proposed that two states, one Arab and one Jewish, be created in the section of Palestine west of the Jordan River. On May 14, 1948, the Jewish state of Israel declared its independence.

The United States was one of the first nations to recognize the new nation of Israel. U.S. support for Israel was an outgrowth of American cultural and religious ties to Jews, the feeling of a moral obligation to help the Jews establish a homeland after the Holocaust, and the belief that the new Israeli government would be democratic. Today, the United States continues to look to Israel as its most reliable ally in the Middle East.

The Balfour Declaration

In 1917, British Foreign Secretary Arthur Balfour sent a letter to Lord Rothschild, the leader of the British Zionists. The letter, which became known as the Balfour Declaration, stated that Great Britain would support the establishment of a "national home" in Palestine for Jews if "nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine."

Egypt. With more than 54 million people, Egypt is the most populous Arab country. Modern Egypt


Map Area
Turkey
Syria
Lebanon
Baghdad
Iraq
Jordan
Israel
Egypt
Iran
Kuwait
Occupied by Israel
Saudi Arabia
Bahrain
Qatar
Riyadh
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0
200
400
MILES
United Arab Emirates
Oman
Sudan
Mecca

The Middle East Today

was established in 1952, when King Farouk was overthrown and the Republic of Egypt was proclaimed. The key figure in the coup was Colonel Gamal Abdel Nasser, who became president in 1954. Nasser established close relations with the Soviet Union and attempted to unify other Arab nations into a United Arab Republic by exploiting strong anti-Israeli feelings.

After Nasser died in 1970, Vice President Anwar el-Sadat became president and dramatically altered Egypt's policies. Sadat asked Soviet military advisors to leave in 1973, and in 1978 he became the first Arab leader to negotiate peace with Israel. Most Arab countries condemned Sadat, and many broke relations with Egypt. In 1981, a group of Moslem fundamentalists assassinated Sadat, and Vice President Muhammed Hosni Mubarak became president. Mubarak has cooled diplomatic relations with Israel in an effort to bring Egypt back into a position of Arab leadership. As a result, some Arab nations have renewed ties with Egypt.

Jordan. In 1921, Great Britain established the autonomous region of Transjordan from the eastern two-thirds of the Palestine Mandate. In 1946, Transjordan became an independent Arab kingdom. Three years later, Transjordan annexed much of the area on the west bank of the Jordan River. Transjordan then was renamed Jordan. Since 1952, Jordan has been ruled by King Hussein, who has generally steered a moderate course between the United States and the Soviet Union. However, the United States has tried to increase its influence with King Hussein through arms sales and has encouraged him to enter into peace negotiations with Israel.

Syria. France controlled Syria from World War I until Syria gained its independence in 1946. In 1958, Syria united with Egypt to form the United Arab Republic (UAR). However, Egypt quickly became dominant, and in 1961, the Syrians withdrew from the UAR. During the next decade, Syria's government was highly unstable until General Hafez al-Assad came to power in 1970. Assad, who is still president today, maintains close ties with the Soviet Union.

Lebanon. Lebanon, a French colony until 1945, has a population composed of about 60 percent Moslems and 40 percent Christians. This population mix has made Lebanon more pro-Western than many of its neighbors, but it also has made Lebanon a powder keg. In the early 1970s, Lebanon exploded into civil war involving Christians, Moslems, the Palestine Liberation Organization (PLO), and Syrian "peacekeeping forces." In 1982, Israel became involved when it invaded

Department of Defense

After Israel's invasion of Lebanon in 1983, President Reagan sent U.S. Marines to Beirut to maintain peace. Many Arabs viewed the marines as intruders. As a result, the marines were frequently attacked. Here, rescue workers sift through the rubble of the marine headquarters after it was destroyed by a suicide bomber.

southern Lebanon, ultimately taking much of the capital of Beirut. Today, civil war still rages in Lebanon, leaving much of the country and the economy in ruins.

Saudi Arabia. Occupying most of the Arabian peninsula, Saudi Arabia is one of the largest countries in the Middle East and contains the world's largest oil reserves. The United States considers Saudi Arabia to be a friend and a moderating force in the region. For these reasons, the United States has worked to maintain good relations with Saudi Arabia and has sold the Saudis advanced military equipment.

The Palestinians. The Palestinians are a people without a homeland. In 1921, the British gave two-thirds of Palestine to a non-Palestinian Arab king. This land became the kingdom of Jordan. When the western third of Palestine was partitioned after World War II, Egypt, Israel, and Jordan absorbed areas that were supposed to form a separate Palestinian state.

Conflicts in the Middle East have affected approximately 6 million Palestinians. They now are scattered throughout the region, many living in refugee camps in Jordan, Syria, Lebanon, and the

Israeli-occupied West Bank and Gaza Strip. Other Palestinians fled to Europe or North America.

In 1964, the Palestine Liberation Organization (PLO) was formed to lead the struggle for a Palestinian state. The PLO has used both violence and diplomacy in its efforts to create a Palestinian homeland. In 1974, the United Nations granted the PLO observer status, which allows the PLO to participate as a non-voting member in the United Nations General Assembly.

Iraq. Located in the valley between the Tigris and Euphrates rivers where Western civilization was born, Iraq's capital, Baghdad, was long the center of Arab culture. From the seventeenth century to the end of World War I, the Ottoman Turks controlled Iraq. After World War I, the British occupied Iraq under a League of Nations mandate. The British installed a Hashemite king in 1932 but maintained strong influence over the government. In 1958, the king was overthrown in a procommunist military coup. Since then, the country's economy has grown with the development of its oil resources.

UPI/Bettmann Newsphotos

In 1978, Ayatollah Ruhollah Khomeini became the leader of Iran after revolutionaries overthrew the government of Shah Mohammed Reza Pahlavi. Khomeini's policies have been strongly anti-American and anti-Western.

Iran. Iran is not an Arab country. Iranians are descendants of the Persians who ruled much of the Middle East in biblical times. From the end of World War II until 1978, Shah Mohammed Reza Pahlavi ruled Iran. Pahlavi briefly lost power to nationalists in the early 1950s, but he was restored in a counterrevolution backed by the United States. The shah modernized his country with profits from an expanding oil industry. However, political opposition was not tolerated, and thousands of political prisoners were arrested and tortured. In 1978, revolutionaries gained power, and an exiled Shi'ite Moslem leader, the Ayatollah Ruhollah Khomeini, became Iran's leader.

Under Khomeini, Iran has been strongly anti-American and anti-Western. Khomeini condemns

Department of Defense

In 1987, U.S. warships began escorting Kuwaiti oil tankers through the Persian Gulf after Iran and Iraq began attacking tankers in the region. The Soviet Union and several European nations also sent warships and minesweepers to the region. When Iran and Iraq agreed to a cease-fire in 1988, many nations, including the United States, announced that they would reduce their forces in the Persian Gulf.

the United States for supporting the shah. In addition, Khomeini believes that the United States has corrupted Iran by "westernizing" it, moving it away from strict Islamic observance, and alienating Iranians from their national identity.

Much of Iran's foreign policy is based on the religious fervor of its leaders. Khomeini has called for the unity of all Islamic nations, but many neighboring states fear that he wants to subvert their governments and institute fundamentalist Islamic governments similar to his own.

The Iran-Iraq War. In 1980, Iraq invaded Iran over a long-standing border dispute. As many as 1 million people were killed during the war. In August 1988, the two countries agreed to a cease fire and began to negotiate a peace settlement.

Officially, the United States remained neutral in the war. However, President Ronald Reagan sent American warships to the Persian Gulf to escort oil tankers and protect them from attack by Iran and Iraq. U.S. warships exchanged fire several times with Iranian naval vessels. The Reagan administration also secretly sold weapons to Iran in 1985 and 1986, hoping to trade the arms for American hostages who were being held by pro-

Iranian groups in Lebanon. When details of the secret deals were uncovered, many members of Congress noted that the arms sales violated the government's policy never to deal with nations suspected of supporting terrorism. The resulting controversy may have weakened American influence in the Middle East.

Conflict in the Middle East

Establishment of Israel (1948). When the state of Israel came into being, soldiers from Egypt, Transjordan, Syria, Lebanon, and Iraq crossed into Israel, and the first Arab-Israeli war began. The cease-fire lines of that war became Israel's tentative border. Since then, Israel and the surrounding area have been rocked by five major wars:

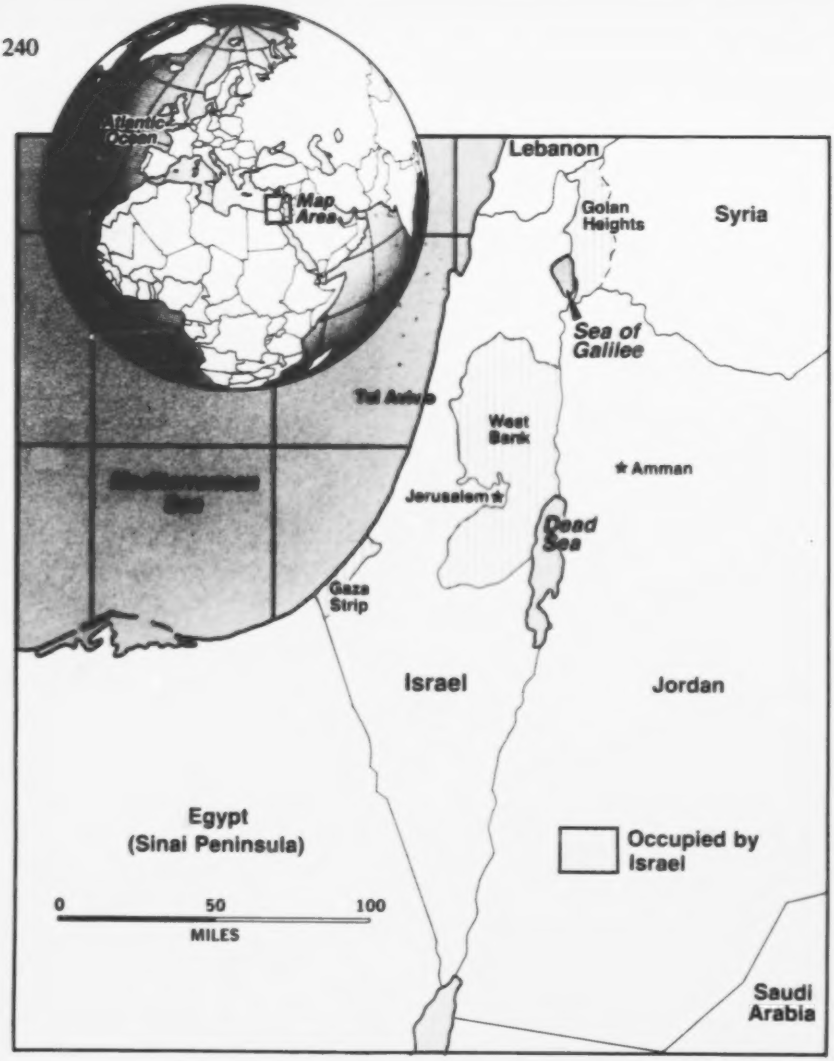
- The Sinai Campaign (1956). With help from France and Great Britain, Israel invaded Egypt's Sinai Peninsula in 1956. Israel occupied the region for several months until the United States persuaded Israel to withdraw its troops.
- The Six-Day War (1967). Fearing that Egypt was preparing to attack, Israel launched a surprise invasion on June 5, 1967, defeating Egypt, Syria, and Jordan in what is known as the Six-Day War. Israel captured the Gaza Strip, the Golan Heights, the Sinai Peninsula, the West Bank, and the eastern half of Jerusalem. Except for the Sinai, which was returned to Egypt in 1982, Israel still controls these territories.
- The War of Attrition (1969-70). In April 1969, Egypt began firing artillery shells at Israel. For the next sixteen months, the two countries fought a "war of attrition" with artillery and airplanes. More people were killed in this undeclared war than in the Six-Day War.

- The October War (1973). Determined to regain land lost in the Six-Day War, Syria and Egypt attacked Israel on October 6, the Jewish holy day of Yom Kippur. Although Israel won the war, it suffered both at home and abroad. Domestically, the government lost credibility because of the high number of Israeli casualties. Internationally, some supporters of Israel remained neutral under pressure from oil-rich Arab nations.
- The Invasion of Lebanon (1982). In June 1982, Israel invaded Lebanon in an attempt to drive out PLO forces there. The United States and other nations sent troops to Beirut to maintain peace, but American troops sustained heavy casualties. In 1984, U.S. troops withdrew to ships offshore. Since then, Israel has pulled most of its forces back to a twelve-mile buffer zone; Syrian troops occupy much of northern Lebanon; and the rest of the country has been partitioned between warring Christian, Druze, and Sunni and Shi'ite Moslem factions.

U.S. Aid to Israel

In 1987, total U.S. aid to Israel amounted to $711 per Israeli citizen, according to the Department of State. The Center for Defense Information reported that U.S. military aid in 1987 was $12,350 per Israeli soldier.

UN Security Council Resolutions 242 and 338. During the 1960s and 1970s, the United Nations (UN) adopted two resolutions attempting to establish the principles for a negotiated settlement in the Middle East. In 1967, the UN Security Council passed Resolution 242, calling for an end to all declarations of war and for the withdrawal of Israeli troops from territories captured from the Arabs. In addition, Israel and the Arab states were to respect their neighbors' independence and their right to live in peace within secure and recognized boundaries. The resolution also called for a "just settlement" of the Palestinian refugee problem. UN Security Council Resolution 338, passed in 1973, stated that the Resolution 242 proposals should be pursued through negotiations.


Atlantic Ocean
Map Area
Mediterranean Sea
Tel Aviv
Lebanon
Golan Heights
Syria
Sea of Galilee
West Bank
Amman
Jerusalem
Dead Sea
Gaza Strip
Israel
Jordan
Egypt (Sinai Peninsula)
Occupied by Israel
0
50
100
MILES
Saudi Arabia

Resolutions 242 and 338 are supposed to be a mutually accepted basis for peace in the Middle East. However, much of the language is vague and open to differing interpretations. In addition, the atmosphere of mutual mistrust—especially between Israel and the PLO, Syria, and Jordan—has limited the effectiveness of the resolutions.

Egyptian-Israeli Peace. On November 19, 1977, Egyptian President Anwar el-Sadat became the

The White House

After the signing of the Camp David Accords in 1978, Egyptian President Anwar el-Sadat, U.S. President Jimmy Carter, and Israeli Prime Minister Menachem Begin clasp hands. The agreement led to an Israeli-Egyptian peace treaty and raised hopes that the Arab-Israeli conflict could be resolved.

first Arab leader to visit Israel. Sadat's trip helped the Israeli and Egyptian peoples overcome some of the psychological barriers of fear, hatred, and suspicion between them. However, the rest of the Arab world condemned Sadat for negotiating separately with Israel. American efforts to persuade other Arab nations to cooperate in peace talks were unsuccessful.

In 1978, Sadat met with Israeli Prime Minister Menachem Begin and U.S. President Jimmy Carter at the Camp David presidential retreat in Maryland. After twelve days of negotiations, they agreed to the Camp David Accords—a framework for peace in the Middle East. An Egyptian-Israeli peace treaty followed in 1979, formally ending the two countries' 31-year conflict. The treaty established diplomatic relations, trade, tourism, and other exchanges. In addition, Israel returned the Sinai Peninsula to Egypt in stages, and Egypt opened the Suez Canal to Israeli use. Egypt and Israel invited Jordan and Palestinian representatives to participate in a regional peace settlement, but they declined.

Israeli-Palestinian Conflict. Since the state of Israel was established in 1948, most Palestinians have fled Israeli-held areas to neighboring Arab territory. Many Palestinians have vowed to fight the Israeli appropriation of their land. They hope to destroy Israel and establish a country of their own in its place. Other Palestinians accept that Israel is too firmly in place to be eliminated. Tired of the ravages of war, they would like to negotiate a peace treaty with the Israelis to settle the issue of a Palestinian homeland.

In December 1987, many Palestinians began protesting the presence of Israeli soldiers in the occupied territories of the West Bank and Gaza Strip. They wanted the Israelis to leave and to allow them to establish a Palestinian homeland. More than 400 Palestinians have been killed since the protests began. In other developments, Jordan turned over administrative responsibilities for the West Bank Palestinians to the PLO in 1988. Until then, the government of Jordan had issued Jordanian passports to Palestinians, allowed Palestinians to study at its universities, operated schools on the West Bank, provided development aid, and allowed West Bank representatives in Parliament. Jordan also cut its $1.3 billion development plan for the West Bank, dissolved the Palestinian Parliament, and stated its support for a Palestinian state. Some experts believed that Jordan's decisions were intended to strengthen the PLO's claim to be the legitimate representative of the Palestinians. Several months later, the PLO declared an independent Palestinian state in the West Bank and Gaza Strip.

Arms in the Middle East

According to the Arms Control and Disarmament Agency, 40 percent of the world's arms sales from 1982 to 1988 went to countries in the Middle East.

The United States refused to recognize the Palestinian state or talk to PLO leaders until they: 1) recognized Israel's right to exist; 2) accepted UN resolutions 242 and 338; and 3) renounced terrorism. In December 1988, the United States announced that PLO leader Yasir Arafat had met the U.S. conditions and that the U.S. government would begin discussions with the PLO in an attempt to negotiate a peace settlement.

Current Issues

Why Is There No Peace? The wars in the Middle East have been raging for four decades, despite diplomatic efforts to create a lasting peace. Although the Egyptian-Israeli peace in the late 1970s broke new ground, it did not lead to an overall settlement of the Arab-Israeli conflict. It was relatively simple to resolve the issues that divided Israel and Egypt—Israeli occupation of the Sinai desert, Israeli access to the Suez Canal, and the establishment of trade relations between the two countries. But the issues that block a regional settlement, such as the establishment of a Palestinian homeland, are far more difficult to resolve.

Recognition of Israel. The modern state of Israel was based on the 1947 United Nations partition plan, which proposed that two nations—one Arab and one Jewish—be formed from one territory, Palestine. Most nations believed that the Jews needed a homeland after the German Nazis had attempted a mass extermination of European Jews in the 1930s and 1940s. And although it had been many centuries since Jews controlled Palestine, many Jews believed that the land was rightfully theirs because God had given it to them in biblical times.

Few Arabs supported the establishment of Israel. The land that the Arabs and their ancestors had occupied for centuries was suddenly given to another nation. Many Arabs continue to view Israel as an intruder, as the nation that took away the Palestinians' ancestral home. They hold Israel responsible for the death and destruction that has plagued the region for nearly half a century.

Most of the international community accepts Israel's right to exist. Until neighboring Arab states recognize the legitimacy of Israel, a peace settlement is unlikely. So far, Egypt is the only

Arab nation that recognizes Israel. In 1988, Yasir Arafat declared that his organization recognized Israel's right to exist. Other Arab leaders have not been willing to take similar steps because they fear the consequences. Within three years after Egypt recognized Israel, Egyptian President Anwar Sadat was assassinated by a radical faction that had opposed his policies toward the Jewish state.

Establishment of a Palestinian Homeland. Some Palestinians believe that Palestine's original borders should be restored and the Israeli government eliminated. Others would accept a Palestinian state on the Israeli-occupied West Bank. However, a state on the West Bank may not survive on its own. The area lacks a strong agricultural or industrial base and has few natural resources. Some diplomats have proposed that a Palestinian state be established in federation with another country (perhaps with Jordan or Israel). But all of these proposals are fraught with difficulty. Many Palestinians resent the idea of relying on another nation for their economic and military survival. And some Palestinians would be unsatisfied with anything less than independence and might continue to fight Israel.

Reuters/Bettmann Newsphotos

As chairman of the PLO, Yasir Arafat announced in 1988 that his organization renounced terrorism, accepted UN proposals for Middle East peace, and recognized Israel. Subsequently, the U.S. government then began talks with PLO officials after years of refusing to recognize Arafat's organization.

Who Speaks for the Palestinians? Since 1964, the Palestine Liberation Organization has served as a sort of "government in exile," providing a political voice for the Palestinian people. Although the United Nations recognizes the PLO as the sole representative of the Palestinians, the government of Israel considers the PLO to be a terrorist organization. Israeli leaders point out that the PLO's charter calls for the destruction of Israel; therefore, Israel refuses to participate in any negotiations with the PLO.

For years, peace negotiations in the Middle East have been deadlocked because Israel will not accept the authority of the PLO to speak for the

Reuters/Bettmann Newsphotos

A Palestinian youth uses a large sling to hurl a rock at Israeli soldiers. In late 1987, Palestinians living in the occupied territories began protesting the presence of Israeli soldiers in their neighborhoods. The Israeli army used extensive force to quell the protests.

Palestinians. When PLO Chairman Yasir Arafat recently accepted Israel's right to exist, some members of the PLO denounced the decision. They claimed that Arafat did not speak for all Palestinians and that they would not feel bound by any peace settlement negotiated by him. Such disagreements within the PLO cause some world leaders to doubt Arafat's ability to negotiate a settlement that would be acceptable to all his people.

Israeli-Occupied Territories. Another obstacle to peace is Israel's occupation of territories captured from Arab countries. The Arab nations maintain that Israel's continued occupation of the Golan Heights, the Gaza Strip, and the West Bank violates international law that forbids nations from gaining territory by military force. The international community supports the Arab position and has incorporated it into the United Nations' plan for peace.

Israel's occupation of the West Bank is particularly controversial. Israeli leaders maintain that the West Bank is crucial to the defense of Israel. They say that the Israeli military cannot afford to lose control over the mountains that overlook Israeli coastal cities just a few miles away. The Israeli government maintains that it will hold the occupied territories until the signing of a comprehensive peace settlement that guarantees the long-term safety of Israel.

More than 70,000 Jewish nationalists have settled in the West Bank. Recently, Israeli presence there became even more controversial after Arab youths began attacking Israeli police and soldiers, using stones as weapons. Many Palestinian adults, frustrated with Israel's refusal to withdraw from the occupied territories, soon joined the protests. Israeli forces used violent means to quell the protests, including shooting some protesters.

Critics of Israel's use of violence believe that the Israelis are now acting like the very persecutors from whom they once fled. Critics argue that such tactics turn international sympathy away from Israel toward the Palestinians. Critics say that Israel must stop the violence if it wishes to find a peaceful solution to the problems on the West Bank.

Those who approve of Israel's suppression of the riots argue that similar "iron-fist" tactics worked to hold back the wave of Arab protests that rocked the Gaza Strip in the 1970s. They believe that the protests on the West Bank are not spontaneous attacks led by children but are actually being orchestrated by the PLO. Supporters of Israel's harsh tactics say that Israel must demonstrate to the world that it will fight PLO terrorism with whatever means necessary.

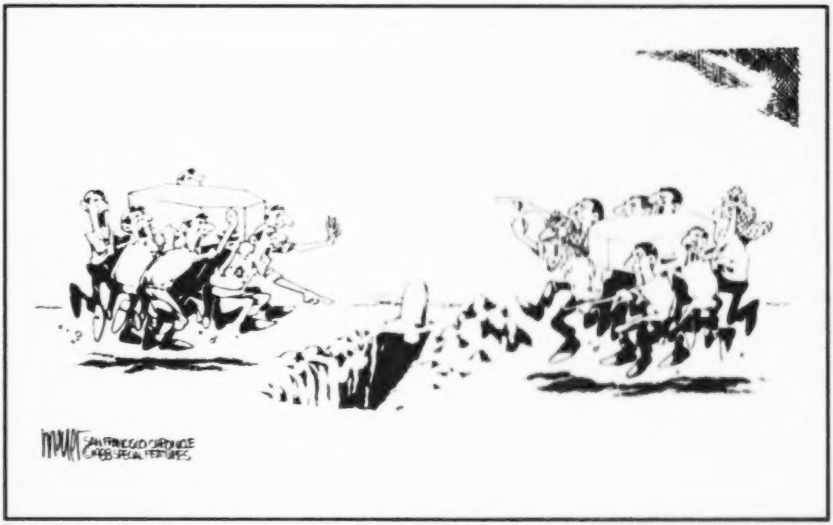
Palestinian Demonstrations

A recent study found that between 1982 and 1988, an average of 3,000 demonstrations were staged each year by Palestinians living under Israeli occupation.

The Role of the Superpowers. The presence of the United States and the Soviet Union in the Middle East has complicated the peace process even further. Both the superpowers are competing for allies in this region and are trying to undercut the influence of the other. Both provide a seemingly unlimited supply of military aid to nations in the Middle East. As a result, the Americans and the Soviets help sustain the Arab-Israeli conflict by resupplying nations that otherwise would have lost the ability to fight years ago.

However, because they give huge amounts of aid to their allies in the Middle East, the United States and the Soviet Union may be in a position to persuade the Israelis and the Arabs to negotiate a peace settlement. Recently, Soviet officials met with leaders in the Middle East to discuss Arab-Israeli peace negotiations. The United States has tried actively to mediate peace settlements with some success, particularly after the 1973 war, when President Richard Nixon negotiated the limited withdrawal of Israeli troops from the Sinai; and in 1979, when President Carter helped arrange the Egyptian-Israeli peace treaty. But subsequent American peace initiatives have been less successful.

The PLO has called for an international conference to negotiate a final peace settlement. PLO



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Chairman Arafat would like the members of the United Nations Security Council to negotiate an agreement with Arab, Palestinian, and Israeli leaders. The Soviet Union and many European nations support this idea. They argue that after more than forty years of war, it is now time for the antagonists in the Middle East to negotiate a peace agreement.

However, opponents of an international peace conference, especially Israel, argue that any agreement would compromise Israel's security by forcing it to give up the occupied territories to an independent Palestinian state. They believe that there are better ways to establish peace than by allowing the members of the Security Council, especially the Soviet Union, to sit at the negotiating table. Some Israeli leaders have suggested a conference between Israeli officials and elected Palestinian representatives to negotiate some autonomy for the Palestinians either within Israel or in cooperation with Jordan, which has traditionally had close ties with the Palestinians.

Outlook

More than ten years after the Israeli-Egyptian agreement at Camp David, peace still eludes the Middle East. No other Arab nations have recognized Israel. Palestinian youths continue their uprising against Israeli soldiers in the occupied territories. And despite the PLO's announcement that it recognized Israel's right to exist and renounced terrorism, Israel still refuses to speak to PLO leaders. The Bush administration, which now has relations with both Israel and the PLO, hopes to succeed in mediating an agreement that will finally bring peace to this troubled region.

The Debate The Middle East

Should the United States Support an Independent Palestinian State?

PRO

The Arab-Israeli conflict will never be resolved until a Palestinian state is established. The state would meet Palestinian demands to govern themselves. The United States should support the spirit of the original United Nations partition plan, which called for the establishment of two nations: one Arab and one Jewish.

CON

Creating a Palestinian state will not solve the problems in the Middle East. Some factions of the PLO are firmly committed to the complete liberation of all Palestine. They are likely to use a Palestinian state as a staging ground for terrorist attacks and an eventual all-out assault to destroy Israel.

Should the United States Insist That Israel Return the Occupied Territories?

PRO

International law forbids one nation from taking the land of another through war. Even the United Nations has demanded that Israel withdraw from the occupied territories. Yet Israel has openly supported the settlement of the occupied territories and has annexed the Golan Heights and Jerusalem. Israel should begin returning the land as a gesture toward peace.

CON

The occupied territories are Israel's only bargaining chip, and international law gives them the right to exchange land for peace. Except for Egypt, not one of Israel's neighbors has been willing to negotiate a peace settlement. Israel should hold on to the territories until the Arabs are ready to talk.

Should the United States Support an International Peace Conference on the Middle East?

PRO

An international peace conference would produce a fair and just solution to the Israeli-Palestinian conflict. After more than forty years of war, it is now time for Israel and its neighbors to negotiate. The Europeans and the Soviets support this idea and seem willing to try to make the negotiations work. The United States should not pass up this opportunity to help shape a peace agreement for the Middle East.

CON

The United States should not support an international peace conference because it would compromise Israel's security. Israeli leaders fear that some members of the Security Council would not be as willing to support Israeli positions as is the United States. The conflict in the Middle East is a regional one and should be solved by Israelis and Arabs, not outsiders. There are other ways to allow the Palestinians to govern themselves—such as limited independence within Israel.

International Trade

The American economy relies on trade. U.S. businesses sell airplanes, automobiles, and office equipment to foreign buyers. Americans, in turn, buy oil, clothes, and VCRs made in other countries. Many foreign-made products are less expensive and considered more reliable than American-made goods. In fact, sales of foreign goods in the United States surpass sales of U.S. goods in foreign countries, creating a trade deficit.

In 1988, the United States imported $137 billion more in goods and services than it exported. This trade imbalance costs American companies thousands of jobs each year. If Americans continue to buy imported goods instead of American-made products, U.S. manufacturing jobs may be lost forever to foreign competitors.

What can the United States do to reduce its trade deficit? Some experts say the government should protect American industries by imposing tariffs and quotas that would reduce imports to the United States. Others say that the government should lower the value of the dollar to make U.S. goods less expensive in foreign markets. Still others say that the United States should pressure foreign countries to open their markets to U.S. goods.

President George Bush agrees with this last proposal. But he also says that American industries can become more competitive if they have a skilled and highly educated work force. Thus, President Bush believes he can reduce the U.S. trade deficit by improving the nation's schools.

Key Questions

- Should the United States raise trade barriers to protect American jobs?
- Should the United States intervene in currency markets to reduce the value of the dollar?
- Should the government help American industry increase its productivity?

Background

Trading with the World

Why Do Nations Trade? The economies of nations grow faster when those nations trade with other countries than they would if all goods and services were produced for just the home market. For example, in the nineteenth century, Great Britain was the world's most efficient producer of textiles, and Portugal, with its ideal climate and fertile soil, produced fine wines. Each country could have provided its own citizens with both wine and textiles, but at a high cost. However, by concentrating labor and resources on what each produced best and by exchanging these products, the two countries had all the wine and textiles they needed plus money left over to make or buy other goods.

Most countries have a particular strength or *comparative advantage*—such as location, natural resources, climate, skilled labor, capital (money for investment), or technical superiority—that enables them to make certain products at a lower cost than other countries. Comparative advantage allows each country to profit by trading the goods it produces most efficiently for those products made more efficiently in other countries. In this way, trade increases a country's standard of living.

Success in Japan

Despite Japanese import restrictions, some American companies do well in Japan. For example, the Coca-Cola Company reported larger profits in Japan than in the United States in 1987. And International Business Machines (IBM) is Japan's leading computer export firm.

Protectionism. *Free trade*, or trade without restrictions, does not exist in the world marketplace. Most countries erect trade barriers—such as *tariffs* and *quotas*—to protect domestic industries and jobs. A tariff is an import tax, which increases the price of foreign-made products. Quotas limit the amount of specific products that can be imported. Ideally, trade barriers are temporary measures enacted to protect jobs in newly formed or struggling industries. By raising the price of

Coca-Cola
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The Coca-Cola Company

Each year, U.S. companies export billions of dollars worth of American goods to foreign countries, and American consumers spend billions on foreign-made products. Trade allows each country to export the goods it produces most efficiently and to import products made more efficiently by foreigners. Countries can increase their standards of living by trading with others.

imported goods, both tariffs and quotas encourage people to buy domestic products.

Most economists agree that trade restrictions do not increase the number of jobs in a country and save jobs only at a high cost. Moreover, trade restrictions can backfire and lead to higher prices for domestic products because domestic companies no longer need to keep their prices low to compete with imports. If domestic companies raise prices, consumers spend more money than before, leaving them with less to spend on other products. This ultimately reduces employment in other domestic industries.

Another danger of protectionism is other nations often retaliate by establishing their own tariffs and quotas. Erecting trade barriers is dangerous because the economies of the world are interconnected just as the economies of the fifty American states are interconnected. Unless nations cooperate and lower trade barriers, an escalating series of retaliatory tariffs and quotas—called a *trade war*—could result. A trade war could slow the world's economies and plunge the international community into a depression.

U.S. Trade Policy

Trade Wars and the Great Depression. The last major trade war occurred in the 1930s, after Congress passed the Hawley-Smoot Tariff Act, which greatly increased tariffs on all goods imported into the United States. Other nations fought back by raising their tariffs on American goods. The tariffs increased prices for almost everything bought and sold around the world. Because people could not afford to pay the price increases, international demand for foreign-made products plummeted. People bought fewer products, and entire industries had to shut down. The trade wars of the 1930s deepened the effects of the Great Depression.

Made in the U.S.A.

The National Bureau of Economic Research reports that, despite the large U.S. trade deficit, American companies sell 18 percent of all the goods exported in the world. That is the same percentage as in 1966.

American Trade Leadership in the Postwar Era. After World War II, the United States played a leading role in expanding international trade. The United States had escaped the war's devastation, and the billions of dollars it had spent on military production had revived the U.S. economy. The United States gave technical assistance and financial loans to Western European nations and Japan to help them replace the factories destroyed in the war.

The postwar economy in the United States was booming, but to keep it going Europe and Japan had to rebuild. If their factories had not been rebuilt, they would have suffered from high unemployment and been unable to buy American products. The United States reduced tariffs, encouraging the entry of European and Japanese goods into the U.S. market.

The United States also encouraged the nations of Western Europe to coordinate their trade policies. Eventually, in 1958, they created the European Economic Community (or EC for European Community). The EC abolished import restrictions between member countries and established some common terms for marketing their products outside Europe.

In the postwar world, U.S. companies expanded international trade by marketing their goods and opening factories overseas, especially in Latin

America, parts of Europe, and the Middle East. Major oil companies, auto manufacturers, and other private businesses transformed themselves into multinational corporations. By opening factories overseas, multinational corporations took advantage of lower labor costs and created new markets for American consumer goods by providing foreign citizens with jobs.

Encouraging International Trade. In the postwar era, leaders of the international community negotiated two agreements to encourage world trade.

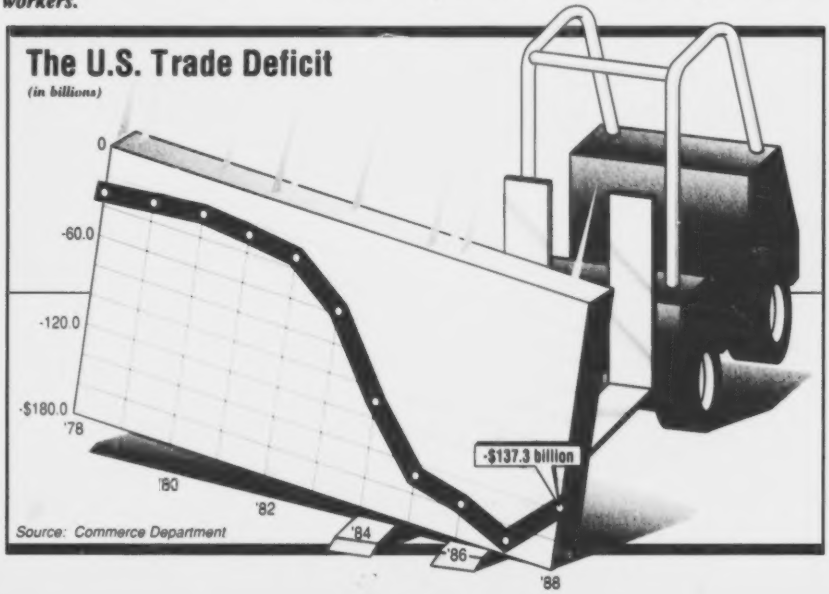
Bretton Woods. In 1944, forty-four Western nations met at Bretton Woods, New Hampshire, to create a new monetary system. Under the Bretton Woods system, exchange rates between foreign currencies were *fixed* against the value of the American dollar. The Bretton Woods system worked well at first because the U.S. economy was much stronger than the other economies of the world. But soon the economies of other countries grew, and the value of the dollar declined. The decline of the dollar threw the Bretton Woods system out of balance. In 1971, the Bretton Woods system was reformed into a *floating* exchange system whereby the values of currencies relative to one another are free to change daily. In a floating exchange system, the value of a country's currency reflects the health of its economy.

GATT. In 1947, shortly after establishing the Bretton Woods system, eighty-three nations signed the General Agreement on Tariffs and Trade (GATT), which established a code of conduct for trading nations. GATT provides an international forum for nations to discuss trade issues. Under the provisions of GATT, nations have sought to increase world trade by reducing tariffs and other barriers.

The United States and International Trade Today

The Trade Deficit. Since the mid-1970s, the United States has imported more goods than it has exported. The trade deficit was $137 billion in 1988. A few experts maintain that a trade deficit signals a healthy economy because only a strong economy can afford to buy so many imported goods. But most experts believe that such a huge trade imbalance harms the U.S. economy and threatens future growth. They say that the trade deficit causes hundreds of thousands of jobs to be lost in U.S. industries such as steel, automobiles, textiles, shoes, and agriculture. Many trade analysts say that American consumers are in effect sending billions of dollars to foreign companies. If domestic companies had this money, they could expand industrial production and increase technological research to ensure future economic growth. In response to growing concern about the trade deficit, Congress passed the Trade Act of 1988, which strengthened U.S. trade laws against coun-

The United States has experienced a severe trade deficit during the past decade. The deficit has meant less profit for U.S. companies and fewer jobs for American workers.



Source: Commerce Department

tries that limit U.S. exports. The act requires the president to limit imports from countries that do not give American exports the same treatment as their products receive in the United States.

How the Budget Deficit Affects Trade. Most experts say that the federal budget deficit is a primary cause of the U.S. trade imbalance. A budget deficit occurs when the government spends more money than it receives in tax revenues. The budget deficit is expected to be $99 billion in fiscal year 1990.

To finance the budget deficit, the U.S. government must borrow money from private banks. This borrowing decreases the amount of money available for individual loans to finance cars, houses, or college tuition. This shortage of "loanable" money drives up *interest rates,* that is, the amount of money people have to pay to borrow money.

Foreign investors like to invest in countries with high interest rates because they earn a good return on their money. Before they can loan their money to U.S. banks, however, foreign investors must first convert their currency into American dollars. Because U.S. interest rates were so high in the 1970s and early 1980s, foreign investors were willing to pay more in their own currency for dollars. And because investors were paying more for each dollar, the value of the dollar increased.

The high value of the dollar in turn drove up the price of American products sold abroad. Foreign consumers reacted to these high prices by buying fewer American-made goods. However, the high value of the dollar reduced the cost of imported goods sold in the United States. American consumers took advantage of these low prices by buying more foreign goods and fewer American goods. As a result, American business lost profits, American workers lost jobs, and the nation as a whole experienced record trade deficits.

To correct this situation, the United States met with other major industrial nations to discuss ways of reducing the value of the dollar. (A decline in the value of the dollar *lowers* the price of American products sold in foreign countries and *raises* the price of foreign imports sold in the United States.) In the fall of 1985, these nations acted together to target the value of their currency within a particular price zone. Since this policy was adopted, the value of the dollar has dropped about 50 percent. However, despite the dollar's fall, the trade deficit is still growing.

American Productivity. Another major cause of the U.S. trade deficit is a slowdown in American *productivity* (the amount of goods produced per man-hour). From 1972 to 1986, American productivity has been only one-eighth of Japan's and one-third of West Germany's. Analysts say that the growth in foreign productivity has occurred for several reasons:

- Foreign companies have been more willing to invest in newer, more efficient manufacturing techniques while U.S. companies have often lagged behind. For example, most Japanese steel mills have abandoned old facilities for more productive, modern factories. Today, Japan produces twice as much steel as the United States.

Many policymakers consider the U.S. trade deficit to be the most serious issue facing the nation. Some members of Congress claim that the way to solve the trade imbalance is to increase the productivity of American workers. They have called for government programs to upgrade workers' skills and to encourage U.S. companies to use modern production techniques.

AP/Wide World Photos

- Foreign companies benefit from strong government planning. For example, the Japanese government decides which industries have the most potential to grow (called "sunrise" industries), then directs investors to invest money in those companies. Many analysts believe central government planning has given Japanese industries such as electronics and computer technology an advantage over U.S. companies.
- Workers in other nations are willing to work for lower wages than are many U.S. workers—especially Americans in unionized industries. For example, in South Korea, the average wage for steelworkers is $3 an hour, while in the United States the average wage is $23.47 an hour.

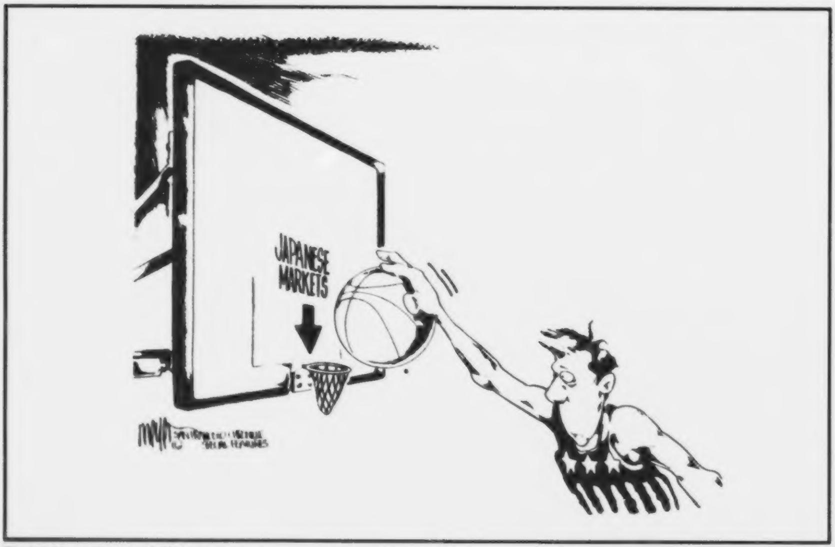
Trade Restrictions

According to the Institute for International Economics, one-eighth of all the goods imported by the United States in 1980 were subject to trade restrictions. By 1987, that proportion increased to one-fourth.

U.S. Trading Relationships. The U.S. government recently negotiated trade agreements with two of America's biggest trading partners, Japan and Canada. These agreements were designed to remove barriers limiting imports of American goods.

Trade with Japan. In 1987, Japan enjoyed a $56 billion trade advantage with the United States—almost one-third of the total U.S. trade deficit. Some experts believe that the United States has a large trade deficit with Japan because the Japanese do not trade fairly. These experts claim that the Japanese impose unfair trade barriers on many foreign products to prevent the goods from penetrating the Japanese market. In addition, U.S. trade experts point out that the Japanese government forces many imported goods to undergo expensive inspections before they can be sold in Japan.

In 1988, the governments of the United States and Japan agreed to solve some of these problems. Japan promised to gradually remove quotas on the imports of American beef and oranges. The United



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States consented to let Japan impose tariffs on these items for three years while the quotas are lifted. The Japanese government also promised to let American companies compete for construction contracts in Japan, although the government limited the number of such projects to fourteen. Problems remain. The Japanese market is still virtually closed to imported tobacco products, rice, leather, aluminum and paper products, and telecommunications equipment.

U.S.-Canada Trade Pact. In December 1987, the United States and Canada signed a landmark free-trade agreement to create the world's largest open market. The agreement will eliminate all tariffs between the two countries by 1999. The agreement also will remove restrictions on "cross border" investments, enabling companies in both nations to invest freely in each other. Experts predict that when all the tariffs are removed, U.S. exports to Canada will increase $2.6 billion a year. President Bush would like to negotiate a similar agreement with Mexico to create a free trade zone for all of North America.

Current Issues

Reducing the Trade Deficit. Many policymakers think the U.S. trade deficit is the most serious issue facing the nation. Policymakers are considering several proposals to decrease the trade deficit, including balancing the federal budget, instituting protectionist measures, and increasing American productivity. However, economists agree there is no easy solution to the trade deficit problem.

Balancing the Federal Budget. Many economists believe that balancing the budget is the first step in reducing the trade deficit. Reducing the budget deficit could lower the value of the dollar. However, presidents and members of Congress have promised to balance the budget for years, yet all attempts have failed. Raising taxes could bring about a recession because consumers with less money to spend will buy fewer goods. Cutting federal spending also is difficult. Most members of Congress believe that the nation cannot afford further cuts in social programs and defense.

Instituting Protectionist Measures. Many U.S. business leaders claim they are at a disadvantage in the world marketplace. Americans say many foreign governments subsidize their domestic industries and erect trade barriers to protect them from overseas goods. For example, farmers in Europe are heavily subsidized by their governments. These subsidies enable European farmers to sell their products on world markets at lower prices than American farmers. Several American industries—particularly the steel, textile, and automobile industries—have asked Congress to increase subsidies and impose tariffs to protect them from overseas competitors. Industry representatives say that, without protection, they will have to reduce production and lay off workers.

Japanese cars arrive at an American port. In the early 1980s, the United States limited the number of Japanese automobile imports to help American car manufacturers recover from lagging sales.

Richard George

Advocates of tariffs and quotas say that the United States has been a victim of its own free-trade policies. They claim that other nations exploit the U.S. marketplace at the expense of U.S. domestic industries. Advocates also say that tariffs and quotas will force foreign governments to open up their markets to American products.

Critics of new quotas and tariffs argue that trade barriers are "destructionism," not protectionism, and warn that U.S. trade restrictions could backfire. Some nations might retaliate against U.S. trade barriers by buying fewer American-made products and erecting more trade barriers of their own. Critics say that American consumers will be the ultimate losers because they will have to pay more for foreign-made consumer goods such as electronic equipment and automobiles.

Increasing Productivity. Some trade analysts say that the only way to reduce the trade deficit is to increase American productivity. They believe that the federal government should help American industry by: (1) encouraging the use of modern production techniques through tax incentives to corporations; (2) subsidizing research firms that develop new products; and (3) upgrading workers' skills through job-training programs. These analysts claim that government involvement in business can help U.S. industry become more competitive in the world market.

Critics of this approach claim that government interference in industry amounts to a centrally planned economic system similar to that of the Soviet Union. The free market, not the government, should decide who wins and who loses in American business. Critics believe that our system of free enterprise has made our nation prosper and that American industry can restore its own productivity without government help.

President Bush, on the other hand, believes that government efforts to strengthen the nation's schools will improve U.S. competitiveness. He believes that schools can teach the skills the next generation of workers will need to produce reliable products more inexpensively. Good schools will also train the scientists and engineers needed to develop new products, particularly high technology goods.

Outlook

Huge trade deficits have led many Americans to believe that the United States is hurt by its support of free trade. Many U.S. industries have lost huge profits to foreign companies and have increased pressure on the government to enact protectionist measures against foreign competitors. The U.S. government has sought other methods to reduce the trade deficit, including intervening in currency markets to decrease the value of the dollar and negotiating trade agreements with major trading partners. President Bush wants to negotiate a free trade agreement with Mexico and pledges to continue discussions with U.S. trading partners to open up their markets to American goods. However, some Americans believe that stronger measures are needed to make the United States a more competitive trading nation.

The Debate International Trade

Should the United States Raise Trade Barriers to Protect American Jobs?

PRO	CON
Americans are losing jobs because foreign governments, especially Japan's, are subsidizing their countries' exports or erecting trade barriers to keep out American products. Quotas, tariffs, and other trade barriers are the only tools the United States has to equalize the competition.	Trade barriers raise consumer prices and actually reduce the number of domestic jobs in the long run. Other countries would retaliate against American tariffs and quotas, and U.S. trade would be hurt even more. The United States should promote free-market principles rather than pursue short-sighted, retaliatory trade policies.

Should the United States Intervene in Currency Markets to Reduce the Value of the Dollar?

PRO	CON
During the early 1980s, the high value of the dollar caused massive trade deficits. Our government cannot allow this to continue. One way to keep the value of the dollar down is to cut the federal budget deficit, but this would take too long. The United States should intervene in the world's currency market to bring the value of the dollar in line with other world currencies.	Intervention in the currency market leads to a rise in domestic inflation and threatens U.S. economic growth. The best approach is to reduce demand for the dollar by cutting the U.S. budget deficit and lowering interest rates. Such a policy will reduce the price of U.S. exports and encourage others to buy American goods.

Should the Government Help American Industry Increase Its Productivity?

PRO	CON
American workers are being out-produced by Japanese and West German workers every year. The government should help increase American productivity by giving tax breaks to corporations that use modern production techniques, by subsidizing firms that develop new products, and by upgrading workers' skills through job-training programs. Only government involvement in business can help the United States become competitive again in world markets.	Government interference in industry goes against the U.S. system of free enterprise, which has made the nation prosper. Any government program designed to increase productivity will eventually lead to a centrally planned economy similar to that of the Soviet Union. American industry can restore its productivity without the help of the government.

Western Europe

From its beginnings, when the American colonies attracted European settlers and depended on Europe for manufactured goods, the United States has been culturally and economically linked to Western Europe. European immigrants continued to flock to the United States during the nineteenth and early twentieth centuries. Trade flourished across the Atlantic. And during the two world wars, the United States gave military and economic aid to its European friends. These close ties continue to influence American policy toward Western Europe. For more than forty years, the United States and many West European countries have maintained an alliance to defend against an attack on Europe by the Soviet Union. In addition, trade and investment between the United States and Western Europe totals $1 trillion each year.

However, recent controversies over defense, foreign, and economic policy threaten to strain relations. For example, West European governments have criticized U.S. policies such as punishing suspected terrorist nations with military raids, supporting anticommunist forces in Central America, and pressuring allies to spend more money on defense. The United States objects to European restrictions on U.S. imports. And some American businesses fear even more trade problems when many European governments remove all trade barriers within Europe by 1992.

Some experts interpret these differences as signs that relations between the United States and Western Europe are deteriorating. Although such predictions have been made before, they suggest that the United States should reexamine its relations with its European allies.

Key Questions

- Should the United States reduce its troops in Western Europe?
- Should the United States retaliate against restrictive European trade practices?
- Does European trade with the Soviet Union help ensure peace?

Background

The Basis of the Western Alliance

Postwar Reconstruction. World War II left most of Europe physically devastated, its economies ruined, and its people desperate. The Marshall Plan (1947-53) sent billions of dollars in American aid, investment, and trade to rebuild Western Europe. American leaders believed that a strong European economy would prevent a rebirth of fascism or an insurgence of communism and that a strong European military would keep the Soviets from America's doorstep. As the United States helped Western Europe, a strong alliance was forged, based on a shared cultural heritage and mutual economic and security interests.

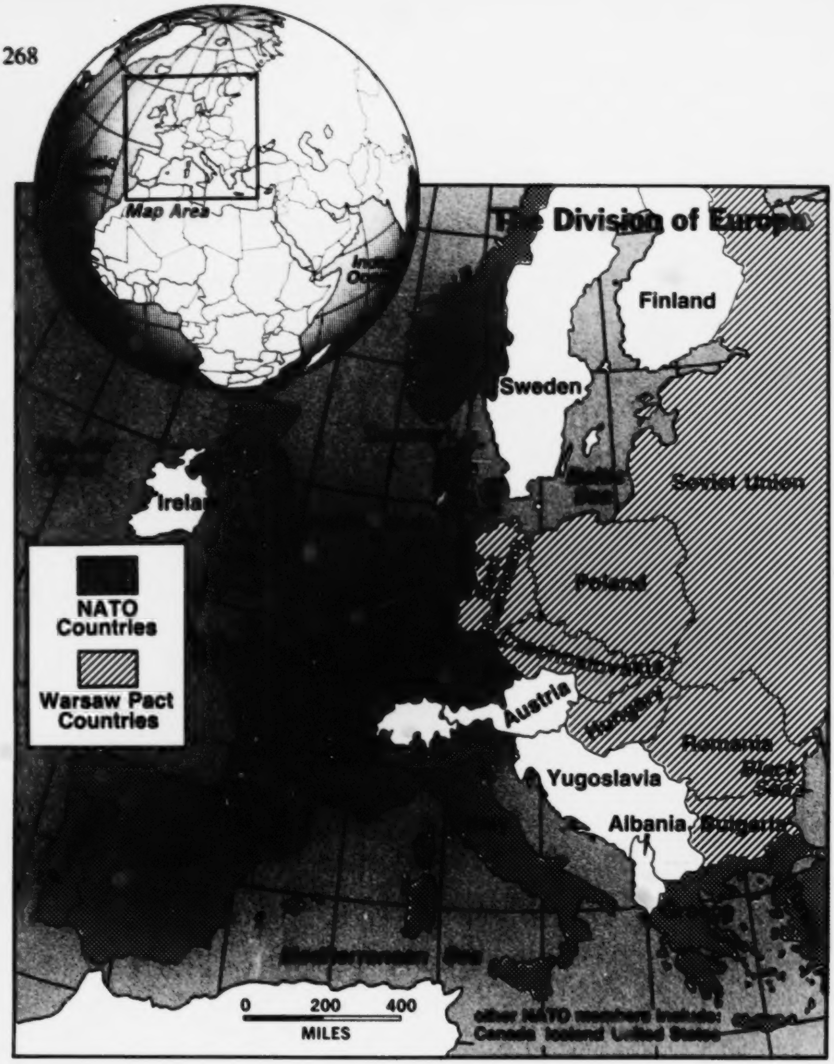
World War II destroyed Western Europe's economy and left many of its cities in ruins. After the war, the United States provided billions of dollars in aid, investment, and trade to rebuild Western Europe.

UPI/Bettmann Newsphotos

NATO. The bedrock of the Western alliance is the North Atlantic Treaty Organization (NATO), which is primarily a military alliance. Established in 1949, NATO is a joint effort to prevent an armed communist attack in Europe. All member countries contribute to NATO's budget, and many provide troops for NATO's forces, but the commander of these forces has always been an American. Sixteen nations are members of NATO—Belgium, Canada, Denmark, France, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey, the United Kingdom, the United States, and West Germany. In 1955, the Soviet Union and its East European allies—Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania—formed a counterpart to NATO called the Warsaw Pact.

The Common Market. In 1957, the nations of Western Europe formed the European Economic Community (or EC for European Community). In some ways, the twelve members of the EC—Belgium, Denmark, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom, and West Germany—operate almost as though they were one country. Goods and services are traded among them with little or no *tariffs*, or taxes. Member countries try to plan their economies to complement one another and work together to strengthen European competition in the world market by establishing uniform trade rules and policies. Although disputes often arise concerning joint economic policy, many say that the EC has done more to ensure peace in Western Europe than has any other peace treaty or security pact. Many people also believe that the EC helped create the economic boom that Western Europe enjoyed during the 1950s and 1960s.

The International Effects of American Economic Policies. Europeans often describe their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The Division of Europe
Finland
Sweden
Ireland
Soviet Union
Poland
Austria
Hungary
Romania
Black Sea
Yugoslavia
Albania
Bulgaria
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relationship to the U.S. economy by saying, "When the United States has a cold, Western Europe gets pneumonia." West Europeans closely follow news about the strength of the U.S. dollar, the U.S. budget and trade deficits, and the outlook for the U.S. economy. Europeans understand—and sometimes resent—that their economic well-being is closely tied to that of another nation.

In the late 1970s and early 1980s, reducing inflation was a priority of the Carter and Reagan administrations. Both emphasized a *tight monetary policy,* which limited the amount of money available for private loans. This policy, coupled with budget deficits, caused interest rates to rise in the United States. High U.S. interest rates encouraged Europeans to invest their money, or *capital,* in U.S. banks and businesses. This process drained Western Europe of money needed for economic investment and prolonged its recession.

The U.S. economic boom and its high interest rates also increased the value of the dollar overseas. The Europeans must pay for their oil imports with dollars. Consequently, as the value of the dollar rose, so did the cost of imported oil. European leaders urged President Reagan to reduce U.S. budget deficits to bring down interest rates and the value of the dollar. But the president found it extremely difficult to curb government spending.

However, today, with lower interest rates and the value of the dollar down, West European economies are showing signs of growth. Inflation and unemployment are down, and production is increasing. Much of the improvement has occurred because European countries are exporting more goods to the United States. Recently, exports continued to push economic expansion as European companies such as Benetton, Swatch Watch, and Laura Ashley gained a place in the American market.

The Missile Debate. For many years, NATO relied on nuclear weapons in Europe to deter an attack by the large conventional forces of the Warsaw Pact. At the request of NATO leaders, the United States began modernizing its nuclear forces in Europe in 1983—deploying Pershing II intermediate-range nuclear missiles and ground-launched cruise missiles. Both types of missiles could reach targets within the Soviet Union.

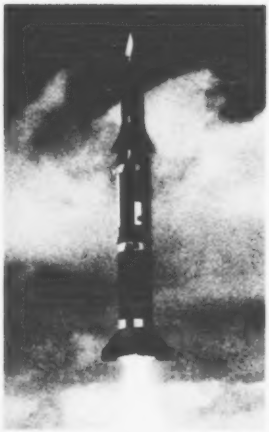
After the deployment of the Pershing and cruise missiles was announced in 1982, European

Using Nuclear Weapons in Europe

A recent survey found that 88 percent of Americans oppose using nuclear weapons to respond to a nonnuclear Soviet invasion of Western Europe.

peace activists staged massive protests. The protesters argued that the American missiles would increase the chances of nuclear war in Western Europe. The Soviets tried to turn European and American public opinion further against deploying the Pershing II missiles by threatening to withdraw from the arms control talks in Geneva, Switzerland, unless the deployment was canceled.

Soviet attempts to weaken NATO's solidarity failed. Except for Denmark and the Netherlands—which delayed final deployment—the West European governments favored the Pershing IIs. Although the Soviets withdrew from the Geneva talks after the Pershing II missiles were put into place, they returned to the arms control negotiations in 1985. Many people believed that the 1983 walkout lost support for the Soviet Union in Western Europe and that this loss of credibility helped draw the Soviets back to arms negotiations.



U.S. Army

In 1983, the United States deployed Pershing II missiles in Western Europe. To the United States and its NATO allies, the deployment represented a strong commitment to peace in Europe. To the Soviet Union, however, the missiles represented a new threat to its security. As a result of the Pershing II deployment, Soviet negotiators walked out of arms control talks taking place in Geneva.

INF Treaty. On December 8, 1987, President Ronald Reagan and Soviet leader Mikhail Gorbachev signed the Intermediate-range Nuclear Forces (INF) Treaty. The INF Treaty is the first agreement between the United States and the Soviet Union that calls for the dismantling of an entire class of nuclear weapons. Under the agreement, about 800 U.S. and 1,900 Soviet land-based missiles located in Western and Eastern Europe will be eliminated by 1991.

Fears of a decreased U.S. commitment to the defense of Western Europe have caused West European leaders to take steps to strengthen their own defenses, independent of the United States and the NATO alliance. For example, Great Britain and France, Western Europe's only nuclear powers, are discussing the joint development of an air-launched nuclear-armed missile. In addition, France and West Germany have pledged to defend each other in the event of attack.

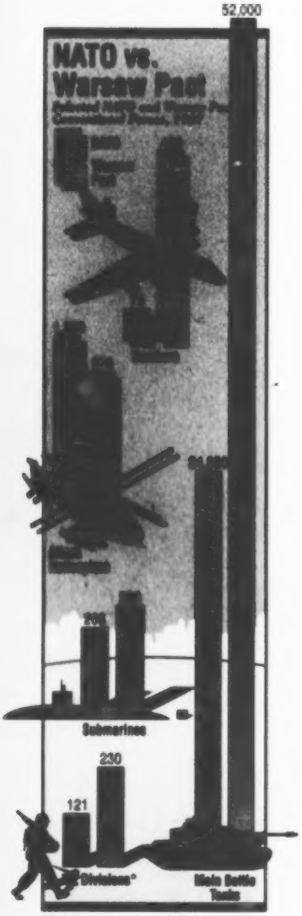
ROCKET MOTOR
CLASS B EXPLOSIVE

AP/Wide World Photos

U.S. Army personnel dismantle a Pershing II missile in Germany as part of the conditions of the Intermediate-range Nuclear Forces (INF) Treaty. The INF Treaty is the first agreement between the United States and the Soviet Union that calls for the dismantling and removal of an entire class of nuclear weapons.

Current Issues

American Military Presence in Europe. Since the end of World War II, much of America's military strategy has centered on the defense of Europe. The United States has more than 300,000 troops stationed in Western Europe, more than two-thirds of whom are located near the East-West border. Some Americans argue that the United States should withdraw its military forces from Western Europe. They claim that NATO's European members do not contribute an appropriate share of the defense and that they would be forced to provide more troops if U.S. forces withdrew.



*A division is made up of about 12,000 soldiers and officers

Source: Department of Defense

With the superpowers now reducing their nuclear arsenals in Europe, attention has turned to conventional, or nonnuclear, forces. Here, the Warsaw Pact has an advantage over NATO. Soviet tank forces far outnumber those of the West. Many U.S. military experts believe that the superior number of Soviet tanks poses the biggest threat to NATO security.

The Europeans say that the United States ignores their substantial contributions to the defense alliance—Western Europe provides most of the soldiers, combat planes, armored divisions, and fighting ships within the NATO alliance. European leaders claim that they are spending more than they used to on improving NATO's military bases and increasing ammunition supplies, but also state that their funds are limited.

Another argument for pulling out American troops is that Europe does not need as many troops because the continent has been peaceful since 1945. Supporters of this argument point out that the Soviet Union has pledged to withdraw 50,000 troops and 10,000 tanks from Eastern Europe by 1991.

Those who support the presence of American troops in Europe argue that they are essential to deter Soviet aggression and to demonstrate America's commitment to its Western allies. Strong economic and cultural ties make Western Europe far more important than any other nation or region in terms of U.S. military policy, say some American policymakers. A troop withdrawal might suggest to the Soviets and to U.S. allies that the United States would not fight if Europe were attacked. In addition, supporters of the troop presence claim that the Soviets still outnumber NATO forces three to one.

The Threat of Protectionism. The United States is suffering from a high trade deficit with Europe. The U.S. Commerce Department estimates that in 1988, the United States imported more goods from Western Europe than it exported, creating a trade deficit of $15.8 billion. Many American workers in agriculture, steel, and telecommunications say that the Europeans have installed trade barriers to protect their industries from competition from U.S. imports. These workers want Congress to implement trade barriers (such as export subsidies and tariffs) to reduce European imports and protect American jobs. Some businesses also fear that European protectionism may increase after 1992 when the EC countries eliminate all internal trade barriers. Some American experts believe that the Europeans will increase trade barriers with other nations as they reduce them among themselves.

One issue in particular concerns agricultural exports. Exports of U.S. farm goods to Europe have decreased by two-thirds since 1982. American farmers blame much of the drop on the Europeans, who sell agricultural exports at prices below those of American exports. American farmers are also upset over tariffs that the EC places on U.S. agricultural goods. American farmers want President Bush to force the Europeans to reduce their tariffs or to enact retaliatory tariffs on European goods exported to the United States.

European farmers believe that such actions by the United States would cut into their share of the world market and reduce their sales in the United States. The Europeans believe that American farmers have criticized them unfairly because the European share of the world market has remained constant over the years. Moreover, the Europeans promise to retaliate against American trade measures. Many experts fear that an increase in protectionism will result in a "trade war"—an example of which occurred in 1989 when the European Community banned imports of hormone-treated beef from the United States, claiming that the hormones were unsafe. The U.S. government responded by raising tariffs on some European food products, such as boneless beef and pork, fruit juices, wine coolers, canned tomatoes, French cheeses, and instant coffee. The Europeans then restricted imports of American walnuts and dried fruit. Some experts fear that such trade wars could escalate like the one that devastated the world economy during the Great Depression of the 1930s.

Project 1992

According to a European Community study, by the mid-1990s, a single European market would:

- **increase the value of all the goods and services produced in Europe by $325 billion per year;**
- **lower prices by 6.1 percent;**
- **create 1.8 million new jobs;**
- **increase tax revenues; and**
- **decrease Europe's trade deficit.**

Trade with the Eastern Bloc. The West Europeans, led by West Germany, believe that trading with the Eastern bloc will help ease East-West tensions and increase cooperation on such issues as arms control. However, the United States has pressed its allies to reduce trade with the Soviet Union, fearing that increased East-West trade could make the allies vulnerable to Soviet influence. In addition, the United States fears that the Soviets will use computers and other high-technology equipment from the West to construct advanced military weapons.

The Europeans point out that they have agreed not to sell sensitive technology and information to the Soviets, and that they resent U.S. pressure to limit East-West trade. They say that the United States is profiting from its unrestricted grain sales to the Soviet Union, and that the goods Europe sells to the Soviets can easily be obtained elsewhere and are not of military value.

Differences in Foreign Policy. In spite of close economic and military ties, the United States and its European allies sometimes disagree on foreign policy issues. The United States and Western Europe disagree on the best way to handle international terrorism, political changes in Third World countries, and conflict in the Middle East.

The Europeans are reluctant to follow the U.S. lead in fighting international terrorism. The United States would like to take greater diplomatic, economic, and if possible, military measures against countries that support terrorism—such as Libya. European leaders say that while these countries may be helping terrorist groups, U.S. actions will not prevent terrorist attacks. Moreover, some Europeans question the sincerity of the United States in the fight against terrorism. They point out that while the United States was condemning Iran for sponsoring terrorism, U.S. officials were secretly selling weapons to the Iranian government.

The "Iron Curtain"

British Prime Minister Winston Churchill first used the term "iron curtain" in a speech given in 1946 at Fulton, Missouri. Churchill said, "From Stettin in the Baltic to Trieste in the Adriatic, an iron curtain has descended across the continent."

U.S. Army

American soldiers on maneuvers in West Germany. The United States stations thousands of troops and tanks in NATO countries to deter the Soviet Union from invading Western Europe.

The nations of Western Europe believe that political change is inevitable in Third World countries and, consequently, tend to have more sympathy for revolutionary groups than does the United States. Europeans are more inclined to see these groups as nationalists—seeking justice or independence—than as pro-Soviet puppets. For example, the West Europeans believe that the United States is overreacting to the threat of a communist takeover in Central America. They argue that U.S. policies may actually be pushing some governments, such as the Sandinistas in Nicaragua, into the Soviet bloc.

The United States and Western Europe also disagree over the Arab-Israeli conflict in the Middle East. Europeans argue that their approach toward the problems in the Middle East is more balanced than the pro-Israeli stance of the United States. Some of these differences in policy can be traced to Western Europe's dependence on Arab oil and its past colonial ties to the area.

Outlook

In the last ten years, the United States and its European allies have often differed. No longer do European leaders automatically approve U.S. policy. Frequently they see their own interests at odds with those of the United States. Some experts believe that the "decoupling" of Western Europe from the United States will accelerate. President Bush wants to see this trend stopped. He has reassured the European allies that their security is a main goal of U.S. defense strategy. However, trade relations, especially in agriculture, will continue to cause problems. The president has made agricultural trade a priority and would like to see the European Community dismantle the protectionist measures and subsidies that hurt U.S. agricultural exports.

The Debate Western Europe

Should the United States Reduce Its Troops in Western Europe?

PRO

Some 300,000 U.S. troops and their equipment are stationed in Western Europe, at great expense to American taxpayers and great advantage to European businesses. The possibility of a Soviet invasion is remote. The INF Treaty shows the willingness of the Soviet Union to make peace with the West. Bringing U.S. troops home would save the United States billions of dollars and force the Europeans to pay their fair share for Europe's defense.

CON

The withdrawal of even a few American troops from Europe could greatly jeopardize the security of NATO. The elimination of intermediate-range nuclear weapons from European soil means that NATO will be more dependent on conventional forces to defend Western Europe. The Soviet Union has a history of aggression and of breaking commitments. U.S. troops are needed to ensure that Western Europe is protected from Soviet aggression.

Should the United States Retaliate Against Restrictive European Trade Practices?

PRO

The United States cannot sit idle while the European Community erects unfair trade barriers. The United States must retaliate to save its own jobs and industries. If Western Europe tries to keep U.S. exports out, the United States should apply the same type of restrictions to imports from European countries.

CON

Although showing signs of growth, the economies of Western Europe are still beset with problems. Western Europe has to protect jobs by limiting imports and subsidizing industry. To retaliate would only start a trade war that would eventually hurt everyone. Widespread protectionism stifles long-term economic growth.

Does European Trade with the Soviet Union Help Ensure Peace?

PRO

East-West trade is good for Europe. It not only helps European economies, but also makes the Soviets interdependent with Western Europe. A long-term, close business relationship between the Soviet Union and Western Europe will ease East-West tensions and increase cooperation in other areas such as arms control.

CON

Trading with the communists is dangerous. The Soviets have been purchasing advanced West European computers and other technology to strengthen their military program. Conversely, purchases of Soviet products by West European countries could increase their dependence on some Soviet goods and could provide the Soviet Union with the money it needs to finance its weapons programs.

Nuclear Proliferation

In 1964, China built its first atomic bomb, joining the United States, the Soviet Union, Great Britain, and France as nations having nuclear weapons. Since then, no other nations have admitted producing "the bomb," although some suspect that India, Israel, Pakistan, and South Africa have secretly developed nuclear weapons. In addition, other nations have tried to gain nuclear technology through both legal and illegal means. Some analysts fear that the number of nations developing nuclear weapons may soon rise.

Most experts agree that nations that develop nuclear weapons in the future will be more likely to use them than the established nuclear powers such as the United States or the Soviet Union. Experts warn that as more nations acquire nuclear technology, such technology is more likely to fall into the hands of terrorists or nations whose leaders are often unpredictable. Some analysts say that unless the spread, or *proliferation*, of nuclear weapons is controlled, the devastation from nuclear war may become a frightening reality.

President George Bush states that nuclear proliferation "poses enormous dangers to us all." He wants all nations to commit themselves to nuclear nonproliferation agreements and to allow United Nations officials to inspect nuclear reactors to make sure they are not being used to make bombs. Although many experts believe that these steps will make the world safer, they add that the president still faces many obstacles if he wishes to completely prevent nuclear proliferation.

Key Questions

- Can nuclear proliferation be controlled?
- Should the United States halt sales of nuclear materials and technology?
- Should the United States use conventional arms sales to encourage others not to develop nuclear weapons?

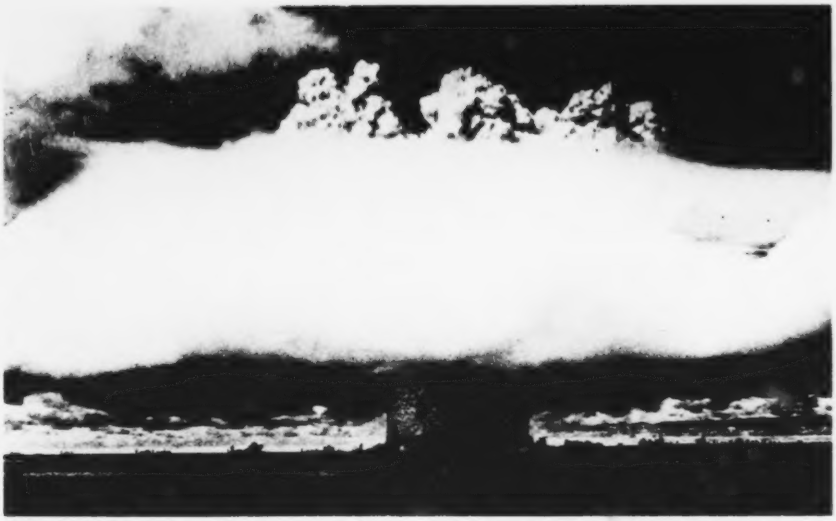
Background

The Spread of Nuclear Weapons

The Atomic Bomb and the United States. In August 1945, the United States dropped two atomic (nuclear) bombs on Japan. These bombs leveled the cities of Hiroshima and Nagasaki and killed more than 140,000 people, causing Japan to surrender and thus ending World War II.

The dropping of the bombs demonstrated to the world the awesome power of nuclear technology. Soon after the war, the United States proposed in the United Nations that all nuclear activities and materials be placed under international ownership and that all nuclear weapons be destroyed. The Soviet Union, however, vetoed this proposal. The Soviet Union feared that the United States would always have a military advantage if the Soviets gave up their plans for building a nuclear device.

Other Nations Join the Nuclear Club. In the 1940s, the United States believed that it would take another ten to twenty years before other nations could develop nuclear arms. But U.S. hopes of a nuclear monopoly were shattered when the Soviet Union exploded its first nuclear device in 1949, and Great Britain followed suit in 1952. Faced with the possibility of nuclear weapons technology spreading throughout the world, the United States proposed the Atoms for Peace Program. Sponsored through the United Nations, this program promoted the peaceful uses of nuclear technology, such as energy production and medical research. Nations participating in the program were forbidden to use the technology to make nuclear weapons.



Department of Energy

Since 1945, France, Great Britain, the People's Republic of China, the Soviet Union, and the United States have tested many nuclear weapons. The testing has led to the development of larger, more powerful weapons than those dropped on Hiroshima and Nagasaki in World War II.

International Atomic Energy Agency. As part of Atoms for Peace, the United Nations created the International Atomic Energy Agency (IAEA). This administrative agency inspects nuclear facilities to make sure no one misuses nuclear technology or diverts fuel to make bombs. Although the IAEA has no enforcement powers, it serves as a watchdog to ensure that members of the international community live up to the agreement.

New Club Members. In the early 1960s, both France and China detonated atomic bombs, adding to the number of members in the nuclear weapons "club." The three original nuclear powers worried that still more countries would develop the bomb and add to international instability. Many nonnuclear countries resented this attitude, pointing out that they would be just as judicious in their use of nuclear weapons as would the original members of the nuclear club. Nonnuclear countries also said that the real problem was the growing number of missiles and bombs of the superpowers.

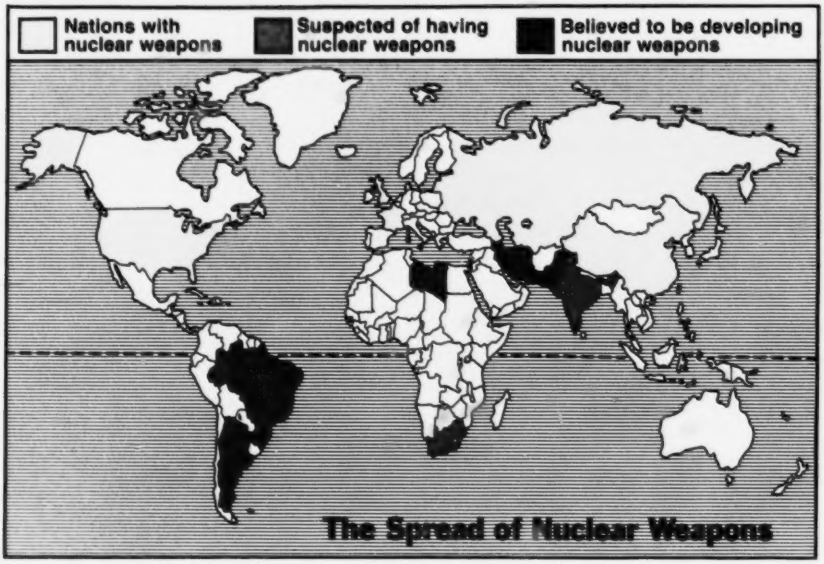
Treaty of Tlatelolco (1967). In 1967, the United States and most of the nations of Latin America negotiated one of the first major nonproliferation agreements, the Treaty of Tlatelolco. The goal of the signers was to make Latin America a "nuclear-free zone." Individual Latin American countries agreed not to manufacture, test, or acquire nuclear weapons. They invited the countries with nuclear weapons to sign agreements promising not to deploy such weapons in Latin America or in the surrounding waters. Cuba and Argentina have not ratified the treaty, and Chile and Brazil are not abiding by the treaty because of the holdouts.

Nuclear Nonproliferation Treaty (1968). After many years of debate and negotiations, the General Assembly of the United Nations approved a treaty intended to (1) halt the spread of nuclear weapons, and (2) promote peaceful uses of nuclear power. The treaty permitted all nonnuclear *signatories* (signers) access to peaceful nuclear technology from participating nuclear powers. The nonnuclear countries had to promise not to use the technology to make weapons and to let the IAEA inspect their nuclear power facilities to verify that this promise was being kept. The United States, the Soviet Union, and Great Britain—the only nuclear club members to sign the treaty—agreed not to help others build nuclear bombs. The United States and the Soviet Union also promised to negotiate "in good faith" to end the arms race. Critics of the treaty say that it offered too much access to nuclear technology and materials in return for too weak a promise not to make weapons. Critics also point out that, although more than 135 nations have signed the treaty, key countries such as China, France, Israel, South Africa, India, Pakistan, Argentina, and Brazil have not.

Space- and Sea-Based Weapons

To prevent the spread of nuclear weapons, more than eighty nations have signed the Outer Space Treaty and the Seabed Treaty. These treaties ban nuclear weapons in earth orbit, in outer space, and on the seabed more than twelve miles from a coastline.

The Nuclear Club's Newest Member. In 1974, India exploded a nuclear device for what it called


Nations with nuclear weapons
Suspected of having nuclear weapons
Believed to be developing nuclear weapons
The Spread of Nuclear Weapons

Source: Carnegie Endowment for International Peace

"peaceful purposes." This explosion united the industrialized world on the need to adopt stronger measures to stop nuclear proliferation. In 1975, fifteen countries that supplied nuclear technology met in London to discuss export controls. Three years later, the group released "supplier guidelines" that required customers to promise not to make nuclear explosives, to keep all nuclear materials under guard, and to abide by IAEA safeguards on all new nuclear technology and materials. The United States and the Soviet Union proposed even stronger guidelines—including IAEA inspection of all nuclear facilities and materials, no matter when they were obtained—but this proposal was not approved.

U.S. Nuclear Nonproliferation Act (1978). In 1978, Congress voted almost unanimously to support the Nuclear Nonproliferation Act. This act restricts the export of American nuclear materials, equipment, and technology to countries suspected of developing nuclear weapons. It also reinforced earlier legislation that imposed restrictions on American aid to such countries and was an example of the toughening international attitude toward controlling nuclear proliferation.

Review of Nonproliferation Treaty (1985). In 1985, the signatories of the Nuclear Nonproliferation Treaty met to review progress made under the treaty. Most of the delegates concluded that the treaty had helped to slow the spread of nuclear weapons but that the United States and the Soviet Union were not living up to their agreement to negotiate an end to the arms race. The delegates also accused the two superpowers of not abiding by the treaty's conditions of sharing peaceful nuclear technology. The nonnuclear nations warned that, unless the United States and the Soviet Union lived up to their responsibilities, the treaty might not be renewed when it expires in 1995.

U.S.-China Nuclear Pact. In 1985, President Ronald Reagan and Chinese President Li Xiannian signed a $6 billion nuclear cooperation pact. However, some U.S. senators threatened to block the pact in Congress because the agreement lacked written assurances that China would not transfer U.S. technology to other countries. The senators claimed that China could not be trusted because it had already shared nuclear weapon plans with Pakistan and had sold nuclear technology to South Africa and Argentina. However, the president said that Chinese leaders had given extensive verbal commitments that they would not transfer U.S. nuclear technology or use it for their own military purposes. After Reagan had promised to monitor the pact closely, Congress allowed it to take effect at the end of 1985.

Nuclear-Free Zones

Two regions of the world, Latin America and the South Pacific, have tried to establish "nuclear-free zones." The Treaty of Tlatelolco and the South Pacific Nuclear-Free Zone Treaty ban the testing, manufacture, and acquisition of nuclear weapons and request nations possessing nuclear weapons to agree not to bring such weapons into these areas.

Pakistan, the United States, and Nuclear Weapons. Since 1986, Pakistan has taken major steps toward acquiring nuclear weapons. Pakistani scientists have made highly enriched nuclear fuel, tested special detonators that trigger atomic explosions, and test-fired a missile capable of carrying nuclear weapons. Some analysts now believe that Pakistan can assemble a nuclear bomb in a few months.

Pakistan's progress in developing nuclear weapons creates problems for the United States, which gives Pakistan about $480 million in military and economic aid each year. However, if Pakistan begins to build nuclear weapons, the United States is required by law to suspend all aid. Such a move could ruin relations between the two countries and harm U.S. interests in southern Asia.

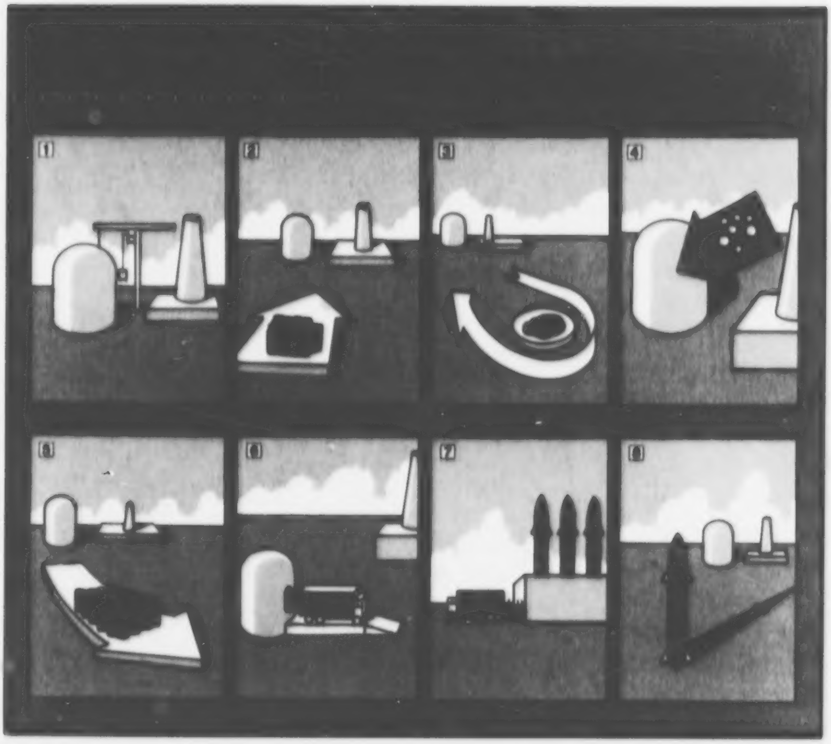
U.S. Army

Once a nation develops a nuclear weapon, it must have a way of getting it to a target. Delivery systems—such as airplanes and rockets—are as important as the weapon itself.

Current Issues

Can Nuclear Proliferation Be Stopped? The problem with trying to regulate nuclear weapons on an international scale is that many countries believe nuclear weapons will improve their national security. Faced by adversaries that have nuclear arms or are involved in area conflicts, many countries believe that nuclear weapons will tip the balance of power in their favor. Other nations desire the power and prestige that come from developing a nuclear arsenal. For example, it is widely believed that Israel has secretly developed a nuclear arsenal of 100 warheads, and some experts think that Libya has tried to get nuclear weapons to establish its military and political dominance in northern Africa. Others think that Brazil and Argentina are engaged in a nuclear arms race, each trying to be the first nation in South America to develop its own atomic weaponry.

Many nations with nuclear technology are often accused of encouraging the spread of nuclear weapons. For example, these nations—including the United States, China, and France—supply



Despite international safeguards, a nonnuclear nation may be able to secretly obtain plutonium, which is essential to the building of nuclear weapons.

1 *With foreign help, nation builds nuclear reactor to produce electricity or conduct research;*

2 *Under international supervision, nation buys enriched fuel to run reactor;*

3 *Nation then secretly buys unsafeguarded "yellowcake" (crushed uranium ore) and converts it into pellets of uranium metal;*

(continued on page 287)

other countries with the knowledge, technology, and materials to construct nuclear reactors to earn money and improve relations. But the materials and technology they sell can be used to develop nuclear weapons. Most nuclear transfers take place under internationally approved safeguards, but it is still possible for a determined country to develop nuclear bombs away from the watchdogs that monitor nuclear facilities. Nuclear fuel can be diverted secretly from peaceful nuclear facilities to reprocessing plants where weapon-grade material is separated out. The lower-grade nuclear fuel is then returned to the original facility where it is monitored by the IAEA. Many experts believe that once a country has a "peaceful" nuclear reactor, it has completed the first step toward building nuclear weapons.

How Effective Are Current Safeguards? Many experts believe that nuclear proliferation can be controlled but not stopped. They point out that the spread of nuclear weapons has slowed over the past twenty years. No new nations have joined the nuclear weapons club since 1964, and only India has exploded an atomic device since then. More than 135 nations have signed the Nuclear Nonproliferation Treaty, more than forty of them since 1974. China has joined the IAEA, and South Africa had indicated its willingness to sign the Nuclear Nonproliferation Treaty.

An important part of this nuclear slowdown, these experts argue, is the willingness of the international community to work together. Concern over the spread of nuclear weapons transcends ideological and political boundaries. Using diplomatic pressure, the threat of trade sanctions, and the threat of cutting off future nuclear cooperation, nations that supply peaceful nuclear technology have made other nations think twice about the consequences of developing nuclear weapons.

Some experts, however, fear that international unity on nuclear proliferation is impossible. They point to disagreements on how to approach the problem, inconsistency in policy, and ineffective enforcement of international safeguards. They say that some nations will always want to develop nuclear weapons and that other nations will always be willing to provide the tools. As a result, these experts say, nuclear proliferation may soon increase.

Will Cooperation Work? Many leaders argue that current international safeguards, such as on-site inspections, are inadequate. Development of nuclear weapons is not always detected, and nations do not expect to be punished if they build nuclear arms. Because no international organization has the power to take significant action against such nations, some countries are led to take their own protective measures. For example, in June

4 ***Pellets are secretly placed in nuclear reactor. Reactor bombards pellets with radiation, converting some uranium pellets into plutonium;***

5 ***When original fuel is "burned up," it is removed from reactor under international supervision;***

6 ***Pellets are secretly removed from reactor and taken to unwatched "hot cell" where plutonium is extracted from pellets;***

7 ***Extracted plutonium is sent to a "bomb factory" and placed in a pre-constructed weapon;***

8 ***Nuclear weapon.***

1981, Israeli jets destroyed Iraq's French-built nuclear reactor. Although Iraq had agreed to the Nuclear Nonproliferation Treaty, the Israelis claimed Iraq was in fact developing an atomic weapon. Believing that the safeguard had failed, Israel decided to act on its own to protect its national security. Experts say that this incident shows how little some nations trust the international community to stop the spread of nuclear arms.

Unless safeguards are strengthened, many believe that other nations will take similar actions. However, others think that no level of international safeguards can guarantee that nuclear reactors will not be used to make bombs. They point out that transfers of peaceful nuclear technology and materials—used for energy production—can also be used to develop nuclear weapons.

Setting an Example. Some U.S. leaders have urged that the United States should set an example for the world by sharply restricting American sales of nuclear technology because it might be used for military purposes. But opponents of this concept argue that overly strict American controls are ineffective since nations can easily find nuclear fuel and technical know-how elsewhere. They say that the United States should not deny nuclear technology to "nonrisk" nations—nations that are not seeking nuclear weapons. They argue that the United States can better control nuclear proliferation among its allies by demonstrating that it is a reliable trading partner.

The Carrot or the Stick? The debate over U.S. sales of nuclear technology is part of an ongoing debate over how to stop nuclear proliferation. Which approach works better—the "carrot" or the "stick"? The carrot approach stresses cooperation through friendly relations and behind-the-scenes negotiations. The stick approach emphasizes punishing uncooperative nations by limiting trade or by other assertions of power.

The Nuclear Nonproliferation Act of 1978 was an example of the United States using the stick approach. In this case, countries that refused to comply with the nonproliferation act were to be punished. But some experts believe that the United States would be more successful in achieving nonproliferation if it were a more predictable supplier of nuclear technology for peaceful purposes. This strategy is based on the belief that friendly relations give more leverage than do threats.

One part of the carrot approach involves increasing the sale of *conventional*, or nonnuclear, arms. Supporters of this view claim that if nations such as Pakistan seek nuclear weapons as security against potential attack, then selling them sophisticated conventional arms would decrease their insecurity and thus reduce their desire for nuclear arms. However, critics of the carrot approach say that selling weapons to insecure countries only makes them more likely to get involved in war and in no way reduces their desire for the ultimate weapon, the nuclear bomb.

What If Nuclear Weapons Become Widespread? Some experts argue that proliferation is not a problem. These analysts say that nuclear weapons have kept the peace between the Soviet Union and the United States and could do the same in regional disputes. For example, if both India and Pakistan had nuclear weapons, each country would hesitate to use them for fear of nuclear retaliation. In addition, nations may avoid conventional wars, knowing that their enemies could counter with nuclear arms. Thus, nuclear weapons could provide security and stability in troubled regions of the world.

Many experts disagree with this view. They believe that proliferation upsets the traditional relationships between nations, thus increasing the danger of nuclear war. For example, a nation with

Nuclear Testing

According to the Center for Defense Information, the United States and the Soviet Union tested the greatest number of nuclear devices between 1949 and 1988.

Nation	Number of Tests
United States	849
Soviet Union	621
France	162
Great Britain	41
China	33
India	1

Sacramento Municipal Utility District

Some nuclear nations have agreed to sell, trade, or transfer the technology needed to build energy producing reactors to nonnuclear nations. However, experts warn that the transfer of peaceful nuclear technology can be used to develop nuclear weapons.

a large army would no longer have a decided military advantage over a nation with a small army, and conflict between two enemies could quickly escalate into worldwide nuclear war.

According to many experts, eight more nations—Argentina, Brazil, India, Iraq, Israel, Libya, Pakistan, and South Africa—may have, or may be capable of making, nuclear bombs within ten years. Many of these countries have been fighting with their neighbors for years or have disputes with the superpowers. Some are led by unpredictable rulers who might use a nuclear weapon if they had one.

World leaders are also concerned that the spread of nuclear weapons may increase the chances for terrorist groups to obtain nuclear weapons. For example, a terrorist group could sneak a small nuclear bomb into a city and either detonate it or threaten to do so unless certain demands were met. The threat could not be ignored, because hundreds of thousands of lives would be at risk. Such terrorist attacks would be difficult to stop. Retaliating with nuclear weapons would kill thousands of innocent people and might lead other nuclear powers to use their nuclear arms. The only solution is to try to prevent terrorist groups from obtaining weapons in the first place.

Fortunately, the chances of terrorist groups acquiring nuclear weapons are small. But terrorists might be able to steal the nuclear fuel needed for building a bomb from a nuclear power plant. Although security is tight at these plants, fuel has turned up missing in the past. In 1982, the United States said that it could not account for 55.6 pounds of plutonium (less than five pounds is needed to create a small bomb). And in 1977, the United States revealed that more than 8,000 pounds of weapon-grade fuel had disappeared since the 1940s. Many experts believe that some of this fuel was diverted to the Middle East, where Israel secretly developed a nuclear arsenal.

Outlook

The Nuclear Nonproliferation Treaty expires in 1995. Some of the nonnuclear states have threatened to oppose the continuation of the treaty because nations with nuclear weapons have not negotiated an end to the arms race. President Bush maintains that the United States should "spearhead a new effort to commit every nation to the Nuclear Nonproliferation Treaty." Yet the technology and materials for developing nuclear weapons remain available to nonnuclear nations, and it is not clear that any policy can stop nuclear proliferation completely. In all probability, the number of nations with nuclear weapons will grow, and the risk of nuclear war will also increase.

The Debate

Nuclear Proliferation

Can Nuclear Proliferation Be Controlled?

PRO

Nuclear proliferation is a tough but manageable problem. The spread of nuclear weapons has slowed significantly over the past ten years. The number of signers to the Nuclear Nonproliferation Treaty continues to grow. Nuclear nations recognize their contribution to the problem and have taken steps to tighten exports of nuclear materials and technology.

CON

The proliferation "slowdown" of the past decade is a mirage. Argentina, Brazil, India, Iraq, Israel, Libya, Pakistan, and South Africa secretly have, or will try to develop, nuclear bombs. Some nations will always seek nuclear weapons, no matter what the cost, and others will always be ready to provide nuclear technology and materials.

Should the United States Halt Sales of Nuclear Materials and Technology?

PRO

The next country to use the atomic bomb will not be the United States or the Soviet Union. It will be a country that has built a bomb from materials provided by the nuclear club. If we keep selling weapon-related material, the question will not be, Who has the bomb? but, Who does not? Therefore, a U.S. ban on the sale of sensitive nuclear technology would set a worthy example to other nuclear-exporting countries.

CON

Halting sales of weapon-related materials and technology would only work if the United States were the sole supplier. Twenty-five years ago, we might have had such a monopoly, but today China, France, Japan, West Germany, and other countries are exporting nuclear materials and technology. Without the support of other countries, a U.S. ban would only result in the loss of business for America.

Should the United States Use Conventional Arms Sales to Encourage Others Not to Develop Nuclear Weapons?

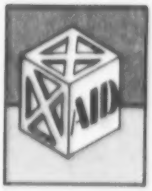
PRO

The only way to solve a problem is to attack its root. The root of the proliferation problem is that nations want to protect themselves from a conventional attack by a superior military force. Increasing a nation's ability to fight a conventional war can help decrease its feelings of insecurity and thus give it less reason to develop nuclear weapons.

CON

The theory that more conventional weapons offer security and prevent war will not work. Nations fight wars with weapons. Supplying more weapons, especially in volatile regions such as the Middle East, will make war more likely, not less. Nations seek nuclear weapons for reasons of prestige—to be the strongest. Selling conventional arms does not get to the root of the problem.

World Poverty and U.S. Foreign Aid



Despite advances in agriculture and medicine, one-fifth of the world's population—one billion people—still live in poverty, many of them suffering from hunger and disease. Analysts estimate that 35,000 people die of starvation every day. Many are young children. Another 14 million children die each year from disease.

Every year the United States sends billions of dollars to poor or developing countries. Some of this aid provides food for the hungry, medicine for the sick, and education for the young. But foreign aid also helps developing nations defend themselves. The United States gives billions of dollars to friendly nations to buy American-made military equipment, to train their soldiers, and to build factories so that they can manufacture their own military supplies.

The United States uses foreign aid to promote political or economic interests. For example, most U.S. aid goes to Middle Eastern and Central American countries, where the United States wants to achieve peaceful solutions to conflicts. Aid to foreign countries can also be used to gain and protect allies and to influence the behavior of other nations. In recent years, foreign aid programs have come under fire. Opponents of foreign aid argue that countries which get American dollars often do not act in the best interests of the United States. They wonder if U.S. aid really helps poor countries, or if the money could be better spent at home.

Key Questions

- Should the United States reduce foreign aid?
- Should politics determine which countries receive aid?
- Should the wealth of industrialized countries be shared with the Third World?

Background

The Terms of Poverty. In international relations, the United States and its allies are often called the First World, and the Soviet Union and its allies, the Second World. Many poor countries, especially those not allied with the United States or the Soviet Union, are often called developing countries, or the Third World. The poorest of the poor countries—such as Bangladesh, Nepal, Haiti, Ethiopia, and Burundi—are sometimes called the Fourth World. The equator is also used to distinguish between the rich countries of the North and the poor countries of the South, since most of the poor nations are in Africa, Asia, and Latin America.

The Pattern of Poverty. More than one billion people live in conditions unimaginable to most Americans. In developing countries, most roads

Many farmers in less developed countries rely on hand labor to produce only enough food for their families to survive. Natural disasters such as droughts or floods can be devastating to people who depend on good growing conditions throughout the year.

AP/Wide World Photos

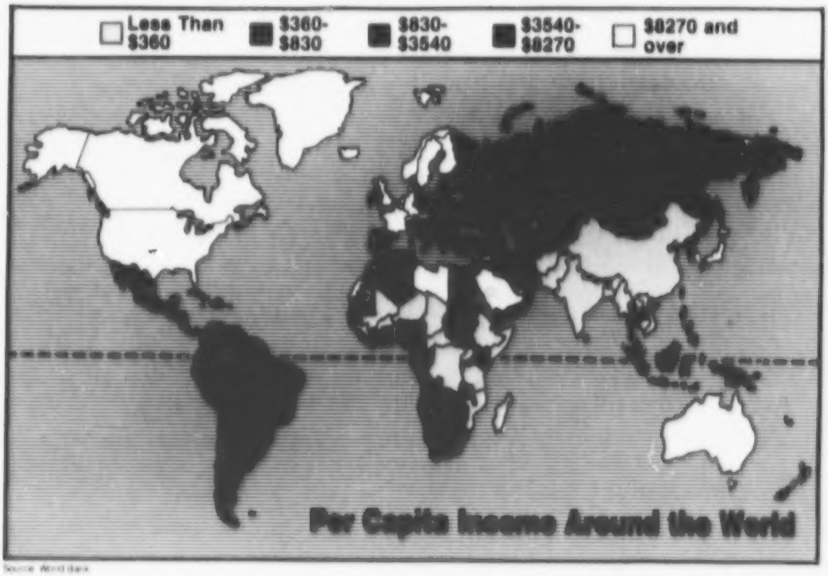
are unpaved. Few villages have plumbing and electricity. Farming is still done with the most basic tools and techniques, and there is little industry. Health standards are very low, leading to a short life span, rampant disease, and a high rate of infant mortality. Often more than 50 percent of the population cannot read or write. In most countries, land and income are unequally distributed. Average incomes in Third World countries are often less than $300 per year, although a small percentage of people enjoy considerable wealth.

World Hunger. The poor are also hungry. Despite advances in agricultural technology and years of international aid programs, there are more starving and malnourished people today than ever before. Between 13 and 18 million people die from hunger every year—more than 35,000 people a day. According to population experts, as many as one billion people suffer from *undernourishment* (a lack of protein and calories) or *malnutrition* (a lack of proper nutrients). In the 1950s, one out of every fifteen people in the world suffered from malnutrition; today that rate has doubled, in part because of the continuing growth of world population. Suggested ways to combat hunger include family planning programs, more efficient farming methods, and larger international assistance programs. But so far, many governments have been unable or unwilling to provide anything more than stopgap measures.

Agency for International Development

Around the world, more than one billion people suffer from hunger. Although many countries, including the United States, provide humanitarian assistance to relieve hunger, the problem continues to grow.

In the early 1980s, many African countries suffered the worst drought and famine in this century. The drought was intensified by inadequate food distribution systems, inefficient economic policies, a 20-year pattern of declining food production, and civil war. The most severely affected areas were in Ethiopia, Ghana, Mauritania, Mozambique, the Central African Republic, Chad, and the Sudan. Many foreign aid experts predict that, for years to come, Africa will suffer



Source: World Bank

from increasingly severe food shortages, which could eventually affect 100 million to 150 million people.

Third World Debt. During the 1970s, many developing countries borrowed huge sums of money from American and European banks to finance industrial development. Faced with a slumping world economy and high interest rates, they have been unable to pay off their loans and have fallen deeply into debt. This large debt has sharply curtailed their economic development. Poor oil-producing countries, such as Mexico and Nigeria, have been especially hard hit because the price of oil dropped dramatically in 1985-86. These countries were relying on oil revenues to pay off their debts. In 1987, Brazil—the largest debtor nation in Latin America—announced that it could no longer pay the interest on its $108 billion debt. Some experts warned that Brazil's announcement could threaten the stability of the international banking system.

The economic and development problems of Third World nations have led some leaders to call for a New International Economic Order. Supporters say that the New International Economic Order would redistribute the world's wealth on a more equitable basis and allow the countries of the South to raise their standard of living. The northern countries have made some concessions but consider most of these demands unreasonable and unjustified.

Why Help the Third World? The United States provides foreign aid to the Third World for several reasons. First, the U.S. government gives aid to friendly countries to maintain a strong alliance system around the world. Strong allies improve the national security of the United States. Second, U.S. aid helps raise the standard of living of Third World countries, enabling them to buy more American products. Third World nations buy more products from the United States than do Europe and Japan combined. Third, the United States uses foreign aid to promote political stability in a region by providing governments with military equipment and funds for economic development. And fourth, the United States provides aid for humanitarian reasons—to feed the hungry, treat the sick, and help the poor.

U.S. Foreign Aid Programs. Every year, the United States gives about $14 billion to other countries, many of them poor. U.S. aid is mostly *bilateral*—it goes directly from the United States to another country—and is broken into two categories: (1) development and humanitarian assistance, and (2) security assistance. Development and humanitarian assistance is used to build roads, power plants, schools, and hospitals, and to provide food for the hungry. The funds are channeled through the Agency for International Develop-

Drinking Water

According to World Priorities, nearly half of the people in developing countries do not have safe drinking water.

ment (AID), which oversees a variety of programs. For example:

- agriculture, rural development, and nutrition programs help to increase agricultural production in other countries;
- the Food for Peace Program provides low-cost American grain to countries having difficulty feeding their people;
- the Sahel Development Program aids countries that border the Sahara become self-sufficient food producers;
- population planning programs aim to reduce population growth through family planning; and
- the Child Survival Fund immunizes children against disease and improves their diet.

AID also funds programs that help countries resettle refugees left homeless by famine, natural disaster, or war.

The United States provides security assistance to strengthen the armed forces and econo-

Working through the Agency for International Development (AID), the Food for Peace Program provides food to hungry nations in times of emergency. AID estimates that in 1990, the Food for Peace Program will ship more than 3.9 million tons of flour, rice, and other food products to starving nations around the world.

Agency for International Development

mies of friendly governments. Security assistance is about twice the amount of development and humanitarian aid. The United States provides governments with money to buy American-made weapons, airplanes, and military vehicles, and to train soldiers for their national defense. Another component of security assistance is the Economic Support Fund (ESF). U.S. officials believe that the ESF is vital to ensure that our allies' governments remain stable. Loans and grants are deposited in foreign treasuries for general budget use and to finance development projects. The two largest recipients of Economic Support Fund money—Israel and Egypt—account for about half of the program.

Foreign Aid

The Agency for International Development estimates that forty countries rely on foreign aid for at least 25 percent of their national budgets.

Multilateral Aid. The United States also gives money to international organizations. These organizations then distribute money to needy countries to help them combat specific problems. This type of aid is called *multilateral* because it is received by many nations. The two largest multilateral aid sources are the World Bank and the United Nations Development Program. Both organizations grant aid based on need rather than politics.

Current Issues

U.S. Foreign Aid Policies. Many experts believe that foreign aid is a powerful tool in promoting American interests overseas. These policymakers believe that foreign aid should be used to accomplish specific foreign policy objectives—first, to bring peace to the Middle East, and second, to promote American interests in Central America and the Caribbean Basin. These two areas receive more U.S. foreign aid than any other region in the world, and the percentage is increasing. Other—

Peace Corps

Perhaps the most widely known U.S. foreign aid program is the Peace Corps. Founded in 1961, the Peace Corps has sent more than 120,000 volunteers to eighty-one countries around the world to help train and educate others while promoting goodwill toward the United States.

often poorer—countries currently receive less money because they are not considered as important to American security. Some critics have said that this strategy is shortsighted. They argue that granting the majority of foreign aid funds to only two areas of the world creates resentment against the United States and forces other countries to look toward the Soviet Union for help.

In addition, some experts believe that Third World interests are better served by open trade and increased private investment than by "handouts" from the developed world. These experts liken U.S. aid programs to the saying "if you give a man a fish, he will eat for a day; if you teach him to fish, he will eat for the rest of his life." They believe that the United States should encourage developing countries to transfer government services—such as supplying housing, energy, and transportation—to private industry. They point to Jamaica, where the government leased hotels to private companies, and to Bangladesh, where private businesses now distribute the nation's fertilizer, as successful examples of "privatization." Currently, more than 15 percent of U.S. development assistance goes to projects involving the private sector.

Critics of open trade and increased private investment say that these policies are not easing poverty in the Third World and are actually hindering development. Critics argue that more private investment may increase the power of U.S.-based multinational corporations to dominate the economies of Third World nations. Third World leaders also reject the belief that free-market investment will improve their countries' plight. They say that the private sector is not yet sophisticated enough to provide goods and services for an entire nation. They believe that only their governments have the money, power, and organization to build large-scale projects such as railroads, roads, irrigation systems, or dams.

The New International Economic Order. The developing nations have been calling for global talks aimed at redistributing the world's wealth among all nations. They believe that the current international economic system favors the industrialized countries and keeps the poor countries in extreme poverty. The developing countries want: (1) more say in how the World Bank and the International Monetary Fund allocate money, (2) higher prices for their products, (3) sophisticated technology at relatively low cost, and (4) low-interest development loans without political conditions attached. In addition, the developing countries want the industrialized nations to import more Third World goods. The developing countries have tried to initiate negotiations to implement these changes, but have been generally rebuffed by the West.

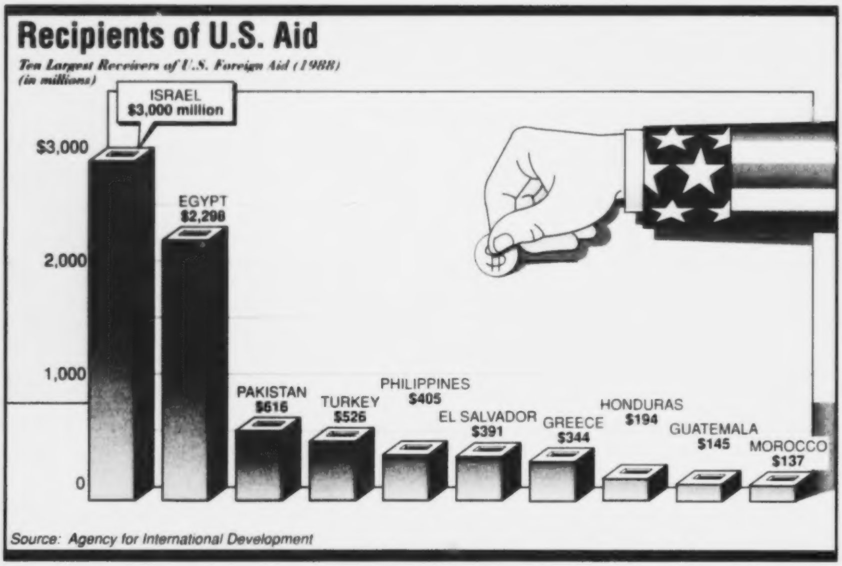
The United States—and many other Western countries—does not support the New International Economic Order, calling it unrealistic and unfair. The U.S. government claims that the current international system has been successful and has generated unprecedented growth. It acknowledges that some inequalities exist under the current system, but says that sudden shifts of financial resources and trade policies would inhibit economic growth, not help it. The United States has also maintained that no country or group of countries should be allowed to control the International Monetary Fund or the World Bank, and that the independence of these organizations is crucial to international economic growth.

A Crisis

According to the Hunger Project:

- **1 billion people are chronically malnourished**
- **13-18 billion people die of hunger every year**
- **18 children die from hunger every minute**

Criteria for Aid: Need vs. Politics. To whom should American foreign aid be given? Some experts say it should go directly to the people most in need, such as those in the extremely poor countries of Ethiopia and Sierra Leone. Others say that aid should go only to the most important political and military allies of the United States.



Recipients of U.S. Aid

Ten Largest Receivers of U.S. Foreign Aid (1988) (in millions)

Source: Agency for International Development

In 1988, the United States distributed more than $11 billion in economic and military aid to other countries. The nations that made up the top ten recipients of U.S. aid received more than $8 billion, or about 73 percent of all U.S. foreign aid.

Traditionally, the United States has provided the most aid to its allies. During the 1950s, the United States concentrated on aiding the poor countries whose political support it most wanted. In the early 1960s, under the Alliance for Progress program, the United States used foreign aid to prevent communism from spreading in Latin America. In the 1970s and 1980s, the United States sent large amounts of military and economic aid to the Philippines.

The same philosophy underlies U.S. foreign aid programs today. The government gives economic and military assistance to regimes facing internal threats from communist guerrillas or external threats from the Soviet Union, as well as to those countries located in important military regions in the world. Many members of Congress believe that a combination of economic and military aid decreases communist influence in an area. The four largest recipients of U.S. foreign aid—Israel, Egypt, Pakistan, and Turkey—occupy important positions in the Middle East or along the border of the Soviet Union.

Many people criticize U.S. foreign aid programs, but for different reasons. Some believe that the United States spends too much money on foreign aid. This group points to the huge budget deficit and says that the United States should meet its own needs before sending money to poor countries. Others criticize the government's emphasis on U.S. security interests. They maintain that human need, not politics, should be the basis when allotting aid. They point out that, after inflation is taken into account, the United States now gives less than half the aid it gave in 1955.

Outlook

Congress has cut the U.S. foreign aid budget each year since 1985. Many members of Congress are reluctant to give more money for overseas programs while domestic programs are cut to reduce the budget deficit. Some Americans say that the United States should stop giving "handouts" to other countries. However, President George Bush believes that foreign aid is a vital tool of U.S. foreign policy. It is expected that the president will urge Congress to continue aid to the Middle East and Central America to promote political stability and economic development in those areas.

The Debate World Poverty
and U.S. Foreign Aid

Should the United States Reduce Foreign Aid?

PRO

The United States cannot afford increases in foreign aid. The first priority of the federal government must be to reduce the budget deficit. Although the United States has pumped millions of dollars into the Third World, poverty and hunger still prevail, and many recipient countries do not act in the best interests of the United States.

CON

Foreign aid is an inexpensive way of promoting U.S. interests. Foreign aid programs create long-term friendships throughout the world. In return, many countries allow the United States to build military bases on their soil. And many aid programs are tied to long-term contracts for American business—contracts that benefit the U.S. economy. Finally, foreign aid saves lives. The United States has a moral responsibility to help those in need.

Should Politics Determine Which Countries Receive Aid?

PRO

Foreign aid is a legitimate tool of foreign policy. The United States should not give aid to unfriendly governments. In particular, the government should stop supporting multilateral institutions that spend American dollars on projects in communist countries. Though the United States should help the poor of the world, its funds are limited and should go to poor nations that are friendly to the United States.

CON

Human need, not politics, should be the basis for giving aid. People's lives are at stake, and they should not be used as pawns in an ideological battle. To the extent that political criteria are used, the United States should favor democratic governments that respect the human rights of their citizens. Too much aid goes to "friendly" dictators who never use it for the people.

Should the Wealth of Industrialized Countries Be Shared with the Third World?

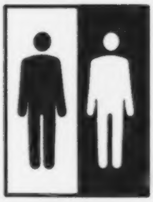
PRO

The present international economic system is unfair. The industrial countries of the North control the world's wealth and keep the developing countries in a state of poverty. The Third World will never be able to provide for its citizens unless the industrialized world is willing to change its trade policies and share its technological advances.

CON

The present international economic system has developed naturally, and the industrialized countries should not feel guilty for their success. Third World nations can develop, but only by making difficult economic decisions with guidance from the industrialized world. The Third World cannot expect the industrialized countries to foot the bill for its development.

South Africa



South Africa is a racially divided nation. Strict racial segregation, called apartheid, is the official government policy. Although black Africans constitute more than 70 percent of the population, they have few political or civil rights. Increasingly, blacks in South Africa have been taking action—both violent and nonviolent—against apartheid.

Mounting civil unrest has forced the South African government to ban anti-apartheid organizations, temporarily shut down newspapers, and declare states of emergency during which police officers can jail potential troublemakers without a trial. However, the government has spent money to improve the poorer regions of the country where many South African blacks live; the government has also enacted several political reforms, which some black South African leaders believe will lead to the sharing of power between the races.

Many people think that the United States should do more to bring about reform in South Africa. They say that the U.S. government has enough political and economic influence to persuade the South African government to change its system of apartheid. However, U.S. policymakers remain divided over the best way to get South Africa to change. Some leaders, including President George Bush, say that behind-the-scenes diplomacy and friendly persuasion is the best approach. Others claim that only tougher measures—such as economic sanctions—will force South Africa to end apartheid. In the meantime, many experts believe that South Africa is a time bomb waiting to explode.

Key Questions

- Is "quiet diplomacy" the best U.S. response to South Africa?
- Should the United States enact more economic sanctions?
- Should American companies operate in South Africa?

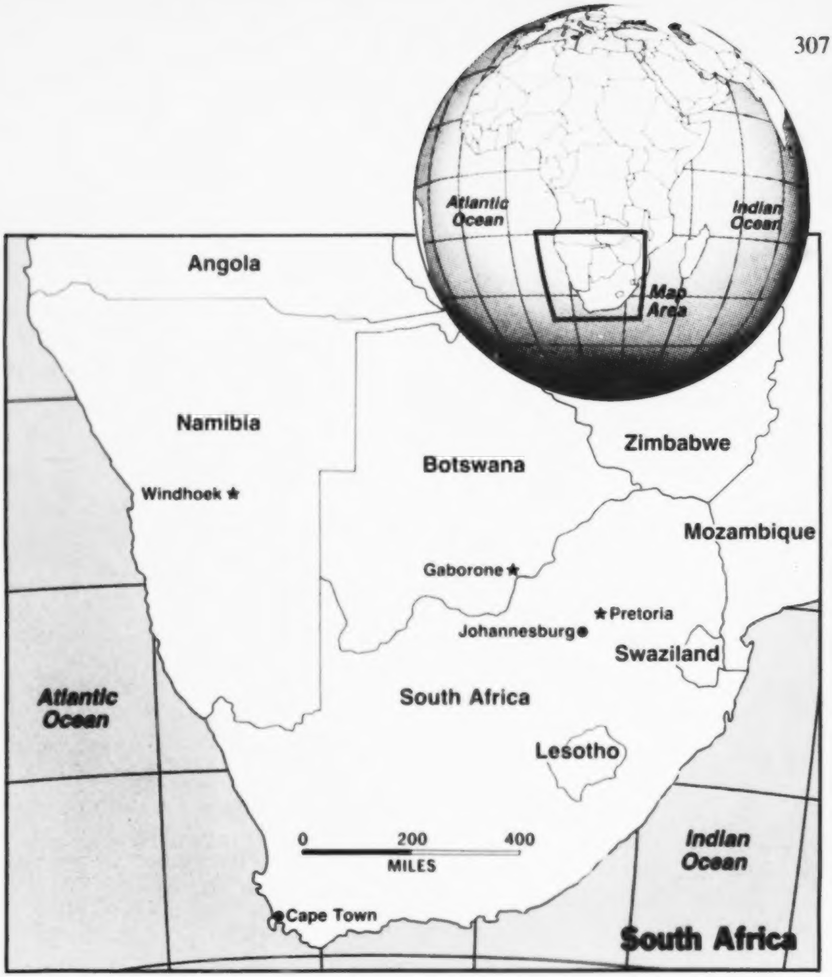
Background

Republic of South Africa

European Settlement. Before the arrival of the Europeans, Khoikhoi shepherds and San hunters occupied the southwestern portion of what is now South Africa. Various African tribes settled the southeastern and northern areas as early as the third century. But the first permanent European settlement, Cape Town, was established on the southwestern coastline in 1652 by the Dutch East India Company. The Dutch, German, and French Huguenot settlers who immigrated to this area became known as Afrikaners. Over time they developed their own economy, culture, and language, *Afrikaans*.

In 1806, Britain annexed the Cape Town colony to its growing empire and began encouraging English emigrants to settle in the area. By the mid-1830s, Afrikaners, unhappy with British rule, began an exodus into the northern and eastern interior where the Zulu and Nguni tribes had long been settled. This exodus is remembered in Afrikaner history as the Great Trek.

Afrikaners often clashed with both the British and the Africans during the nineteenth and early twentieth centuries. The most notable conflict was the Boer War, fought in the 1890s, which pitted Afrikaner Boers (farmers) against the British. Though the Afrikaners lost, they were able to negotiate terms promising them self-government. Thus, in 1910, the Union of South Africa achieved commonwealth status within the British Empire, giving South Africans more self-rule. In 1933, South Africa became virtually independent, although it remained in the British Commonwealth until 1961 when it declared itself a republic.


Atlantic Ocean
Indian Ocean
Map Area
Angola
Namibia
Botswana
Zimbabwe
Windhoek ★
Mozambique
Gaborone ★
★ Pretoria
Johannesburg ●
Swaziland
Atlantic Ocean
South Africa
Lesotho
0
200
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MILES
Indian Ocean
● Cape Town
South Africa

Apartheid. In the first half of the twentieth century, most white South Africans shared the racial assumptions prevalent among whites everywhere—including those in the United States—that black people were inherently unequal to whites. Whites believed that they alone should rule since blacks had not "evolved" to the white man's level and because white superiority was the "will of God." Both Afrikaners and English-speaking South Africans shared these views. But *apartheid*, the formal system of racial segregation, was not instituted until 1948, when the Afrikaner-dominated National party was elected into office. Trans-

Patrice Habans/Sygma

In 1987, the South African government allowed some communities to institute change in local apartheid policies. Some towns and cities responded by integrating public beaches, restaurants, parks, and other public facilities.

lated from Afrikaans, apartheid means "separateness" and refers to the South African government's policy of racial segregation and its refusal to grant political power to the black majority.

The white minority government believes that apartheid is an appropriate political structure for South Africa, considering it to be a form of "cooperative coexistence." The government says that South Africa is composed of many minorities—the blacks being split between different tribal groups—and that violence and chaos would result if the whites lost control. The government also contends that apartheid allows native black Africans to preserve their cultural heritage by protecting them from the cultures of other races.

Critics believe that apartheid perpetuates extreme inequality for Asians, coloreds (the official term for racially mixed individuals in South Africa), and blacks. Wages as well as education and health care standards are lower for blacks than they are for whites. The white standard of living is one of the highest in the world, but almost all blacks live in poverty. Blacks pay higher taxes than whites and have fewer educational opportunities. Health care for blacks in South Africa is so poor that the infant mortality rate in urban areas is more than four times greater than that for whites. And the infant mortality rate for blacks in rural areas is much higher.

Blacks in South Africa are denied many political rights. They lack the guarantees that whites enjoy to a fair trial and to protection against arbitrary arrest, searches, and police harassment. About 28 million blacks cannot vote in national elections, and even criminals are kept in separate prisons based on race.

Recently, the government began making some reforms in the system of apartheid. The government now acknowledges the "permanence" of blacks in South Africa, condones interracial marriage, and allows some blacks to own property. The government also abolished passbooks, which contained information on tribal heritage and limited where blacks could travel within South Africa. Previously, a black without a passbook faced imprisonment. Local communities are now free to integrate beaches and public restrooms, and international hotels and restaurants may now serve blacks. In addition, the government recognizes black unions, which have negotiated new wage contracts giving their 250,000 members a 40 percent boost in income (although white workers still earn far more than blacks).

Black Taxes

A study in South Africa found that taxes paid by black South Africans have increased 500 percent since 1986.

Homelands Policy. For thirty years, the South African government has promoted a controversial "homelands" program. The government says that by establishing ten homelands for major African ethnic groups, it can create self-rule among its black citizens. The government also believes that the homelands will improve interracial relations and enable blacks to preserve their native cultures. Millions of blacks have been resettled in these areas.

Critics of the homelands program paint a more dismal picture. They say that the homelands are part of a separatist policy designed to strengthen white rule in South Africa. The homelands are overcrowded—encompassing only 13 percent of South Africa—and are generally unsuitable for farming. Most contain few industrial or mineral resources, have high unemployment rates, and are dependent on the government of South Africa. Many blacks in the homelands must take jobs in "white" South Africa to survive. The government restricts the number of workers who can migrate from the homelands and prohibits workers from bringing their families into white areas.

Domestic Opposition to Apartheid. Within South Africa, several groups are working to abolish apartheid. The African National Congress (ANC) is the oldest and best known of these groups. The South African government has outlawed the ANC because it supports violent means to end apartheid. The government accuses the ANC of being a terrorist group with communist support. Nelson Mandela, former president of the ANC, was imprisoned for sabotage in 1962 and is serving a life term, although he has now been transferred from a jail cell to a house on a prison farm. Many consider Nelson Mandela to be the symbolic leader of the anti-apartheid movement.

Nelson Mandela is the former president of the African National Congress (ANC). Mandela has been serving a life sentence in a South African jail since being convicted of sabotage in 1962. Many consider Mandela to be the symbolic leader of the anti-apartheid movement.

Reuters/Bettmann Newsphotos

Other anti-apartheid groups are trying to negotiate with the government to ensure that political change comes peacefully. These groups include:

- the United Democratic Front, a multiracial coalition of some 700 organizations including labor unions and churches;
- the South African Council of Churches, whose membership includes Bishop Desmond Tutu, winner of the Nobel Peace Prize;
- the Progressive Federal Party, a white opposition party that supports full citizenship for all South Africans; and
- the Inkatha, a black organization with more than 1.3 million members.

World Opposition to Apartheid. International opposition to apartheid has been strong and highly vocal, especially in the United Nations (UN). During the 1950s, the UN appealed to South Africa to end apartheid. South Africa's government responded that the matter is a domestic issue and outside the jurisdiction of the United Nations. In 1962, the UN General Assembly asked member states to break off diplomatic relations with South Africa, boycott South African goods, and stop exporting certain goods to South Africa, especially arms. In the years that followed, the UN continued to condemn specific South African policies, including the establishment of homelands. In 1978, the UN Security Council made the arms embargo against South Africa mandatory—the first time the council had taken such strong action against a member nation. The General Assembly also requested member nations to stop participating in sporting events with South Africa. As a result, South Africa may no longer participate in the Olympic Games.

Thus far, neither economic boycotts nor arms embargoes have succeeded in forcing South Africa to end apartheid. In large part, economic boycotts have failed because they have only slightly affected South Africa's economy. South Africa contains rich supplies of precious and other metals that are in constant demand in the world market. In addition, although the countries that surround South Africa adamantly oppose apartheid, they rely on South Africa for trade, food, and transport. For example, Botswana, a landlocked nation just north of South Africa, depends on South African railroads to transport its imports and exports.

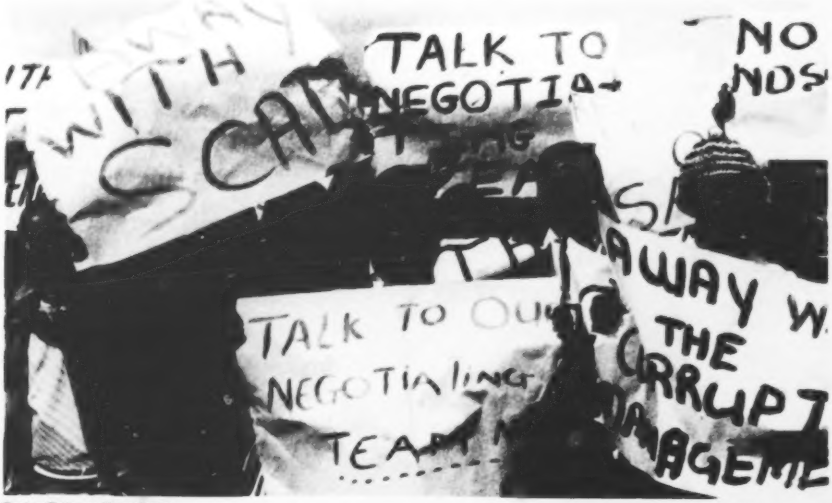
In addition, the effectiveness of the UN arms embargo has been limited because nations have violated it. Moreover, South Africa has developed its own sophisticated arms industry and is now among the ten largest exporters of weapons in the world. Finally, South Africa may recently have developed a small nuclear arsenal.

Censoring the Messenger

In November 1985, the South African government began censoring international press coverage of anti-apartheid protests. According to *Harper's* magazine, the ABC evening news showed an average of 10.8 minutes of coverage from South Africa every night in the month before the censorship. In the month following the ban, ABC coverage fell to 3.2 minutes per night.

Crisis and Change. For the last several years, the South African government has faced a growing crisis. Since 1984, thousands of South African blacks have engaged in protest demonstrations and boycotts over a wide range of issues including high unemployment, increased rents in urban areas, and equal education. The government reacted strongly to the growing demonstrations and suppressed them with force, at times declaring a state of emergency to restore order in troubled areas. Under a state of emergency, the government gives the police wide-ranging powers to search and seize property, to arrest and detain people without formal charges, to seal off designated areas, and to censor news coverage.

More recently, younger, more radical blacks began taking violent action against the government. These blacks believed that the time for compromise with the whites had passed. The government declared another state of emergency



Reuters/Bettmann Newsphotos

For most of the 1980s, blacks in South Africa have been protesting against the white government, demanding higher wages, increased educational opportunities, and greater political representation. Many times, the government has reacted strongly to the protests, suppressing them with force and granting the police wide ranging powers.

and succeeded in reducing unrest. But the combination of mounting unrest in the black homelands, international pressure to end apartheid, and a weakening economy forced the South African government to institute reforms that include:

- releasing many black activists from prison;
- establishing the first interracial governing body;
- increasing expenditures for black schools by more than 40 percent; and
- desegregating movie houses, drive-in theaters, and beaches.

Although some observers dismiss the recent reforms as "tokenism" and "too little, too late," others believe that the reforms mark the beginning of a process that will eventually lead to the sharing of power in South Africa. At the same time, some whites worry that the recent reforms went too far. The Conservative party, which opposes the reform movement, won important victories in recent parliamentary elections. Members of the Conservative party want to ban interracial marriages, abolish interracial governing bodies, and reinstate passbook laws to limit the movement of black workers. Town councils with Conservative party majorities have voted to exclude blacks from public lakes, pools, tennis courts, town halls, parks, and sports arenas and have evicted multiracial groups from city-owned buildings.

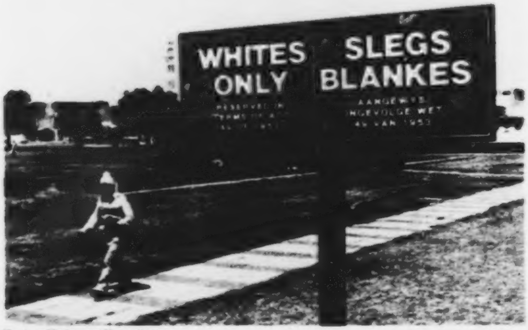
U.S. Policy

American Interests in South Africa. South Africa is important to the United States for a number of reasons. First, most of the oil exported from the Middle East to Western countries is shipped around South Africa. Second, the United States wants to curtail Soviet influence in southern Africa, and the present South African government is strongly anti-Soviet. Third, the United States has close trade and economic links with South Africa. Trade between the United States and South Africa totals more than $4 billion a year. Of all African countries, only oil-rich Nigeria exports more to the United States, and only Egypt offers a larger African market for U.S. exports. Fourth, South Africa is a major supplier to the United States of rare minerals such as gold and diamonds and the only U.S. source of chromium and platinum—both essential for the production of military weapons. The only other nation that could supply chromium and platinum in sufficient quantities is the Soviet Union. For these reasons, many analysts consider it vital that the region remain under the control of a government friendly to the United States.

Recent U.S. Policy toward South Africa. Jimmy Carter was the first U.S. president to incorporate human rights and opposition to apartheid into his foreign policy. In 1978, on the thirtieth anniversary of the UN Declaration of Human Rights, President Carter included South Africa on his list of seven nations that "continue to practice repression." U.S.-South African relations cooled further when Carter worked with Great Britain to mediate the transfer of power from whites to blacks in neighboring Rhodesia (now Zimbabwe).

President Ronald Reagan believed that Carter's approach failed to alter the power structure in South Africa and hurt U.S. interests in the region. He thought that the best way to bring about peaceful change in South Africa was through "quiet diplomacy," or the policy of "constructive engagement." Reagan emphasized economic cooperation and behind-the-scenes persuasion with South Africa to urge that nation to abolish apartheid. In 1985, President Reagan strengthened his policy by imposing economic sanctions against South Africa. These included banning the sale of computers to the South African military, limiting future loans to the government, and halting the sale of South African gold coins (Krugerrands) in the United States. One year later, Congress enacted even stronger sanctions: it barred future American investment in South Africa; banned the importation of steel, coal, food, and other South African products; and prohibited South African airlines from landing in the United States.

President Bush opposes any further economic sanctions against South Africa. He believes that the strong measures passed by Congress in 1986



Reuters/Bettmann Newsphotos

Elections in 1988 found the Conservative party in control of many city and town councils. The Conservative party wants to overturn the changes in apartheid policies that were instituted by the South African government. Signs that used to segregate parks and other public places—taken down less than one year ago—were ordered put back up by the Conservative party town councils.

have not been effective and have only hurt black South Africans economically. Instead, President Bush proposes using diplomatic means and negotiations to pressure the South African government to end apartheid. He also favors U.S. actions to strengthen the rights and economic well-being of South African blacks.

Current Issues

U.S. Policy: Quiet or Public Diplomacy? People in the United States differ on how reform in South Africa can best be accomplished. Some believe that change must be slow and peaceful. They want the U.S. government to practice "quiet diplomacy," which emphasizes economic cooperation and friendly, behind-the-scenes persuasion. According to the supporters of quiet diplomacy, harsh criticism and public pressure make South Africa defensive and more resistant to change.

Other Americans, however, believe that quiet diplomacy has not improved the situation in South Africa. They claim that U.S. policy has undercut years of international efforts to force South Africa to change by isolating it from the international community, and that South African authorities believe they can continue practicing apartheid without fear of U.S. reprisal. Critics say that quiet diplomacy gives the impression that the United States supports apartheid, a position that weakens U.S. influence throughout the rest of Africa. Moreover, critics say that once the black majority takes over in South Africa, the blacks will remember that the U.S. government did not oppose apartheid strongly enough.

Economic Sanctions

The Central Intelligence Agency reports that Western economic sanctions against South Africa have reduced South African exports by 2 percent.

Economic Sanctions. Some anti-apartheid groups believe that economic sanctions are the most effective way to bring about change in South Africa.

They note that economic sanctions helped bring white minority rule to an end in Rhodesia (now Zimbabwe) during the late 1970s. These groups contend that the South African government will respond only to harsh economic measures. Anti-apartheid activists would like the government to broaden U.S. sanctions against the white minority government and to halt all U.S. trade and intelligence cooperation with South Africa.

Opponents to economic sanctions say that further sanctions would not promote reform in South Africa. They argue that South Africa is an autonomous country, rich in energy and minerals. Moreover, Afrikaners are a proud, independent people who would rather survive on their own than give in to outside pressure. The real loser would be the United States, which depends on South Africa for minerals essential for producing weapons.

Divestment. Many Americans argue that private investment in South Africa helps finance apartheid. They believe that U.S. corporations should divest (dismantle) their factories and other opera-

AP/Wide World Photos

In recent years, many U.S. companies have pulled out of South Africa due to increasing pressure from anti-apartheid groups. In some cases, former U.S. companies in South Africa—such as Exxon's South African affiliate Esso—have been sold to South African businesses under the condition that they continue to employ blacks.

tions in South Africa. The loss to the economy would cripple South Africa's government, forcing it to negotiate an end to apartheid. Moreover, supporters of divestment argue that, by continuing business relations with South Africa, the United States is collaborating with a racist government.

However, opponents to divestment believe that reform in South Africa will only occur in an environment of political and economic stability. Divestment would only create economic chaos. Opponents argue that American corporations in South Africa hire black workers, pay them the same wages as whites, and offer them opportunities for career advancement. A sudden withdrawal of U.S. companies from South Africa could hurt as many as 200,000 blacks. Many businesses also point out that they follow the Sullivan principles—a code of conduct mandating equal employment practices for black South Africans—and that other companies replacing departing American firms might not offer similar opportunities to blacks.

More than 150 American companies—including Kodak, General Motors, and IBM—have pulled out of South Africa. These companies cited declining profits and South Africa's reluctance to end apartheid as reasons for their departure. But some critics say that most of the withdrawing companies will continue to earn money in South Africa through sales of their products by local businesses.

Outlook

Although the white minority government in South Africa has enacted many reforms, the main pillars of apartheid remain in place. More and more blacks in South Africa want "one person, one vote" political representation. Some black leaders are ready to use violence to achieve equality, but revolution in South Africa may be years away. The government is stable and powerful, with enough wealth to pay its foreign debts and keep the economy going, and its police and military forces are strong enough to crush internal unrest. For these reasons, many observers believe that the United States and other countries—through economic influence and diplomatic persuasion—can help steer South Africa toward reform. In addition, Congress may consider imposing more severe economic sanctions if the Conservative party in South Africa gains more power and continues to block reform efforts. However, President Bush does not favor further sanctions. He believes that U.S. diplomacy and negotiations can most effectively improve the economic and political situation of South African blacks.

The Debate South Africa

Is "Quiet Diplomacy" the Best U.S. Response to South Africa?

PRO

The Carter administration's policies on human rights did not work. Neither do threats. Friendly persuasion and behind-the-scenes diplomacy are the most effective ways to promote change. If we take a combative stance against South Africa, the government there will only become more resistant to change. Quiet diplomacy permits South Africa to take slow steps to end apartheid.

CON

Quiet diplomacy has been ineffective. Several years of behind-the-scenes pressure from the U.S. government has not changed the situation in South Africa. Non-whites still face discrimination—they suffer in low-paying jobs, they receive inadequate education and health care, and they are denied the right to vote. The United States should not support South Africa, publicly or privately, until the government ends apartheid.

Should the United States Enact More Economic Sanctions?

PRO

South Africa will change only under pressure—through economic sanctions. Although the current sanctions are a good start, they will not lead to reform. In fact, the South African government believes that the United States will never take a firm stand against apartheid. We must raise the economic cost of maintaining apartheid, and the only way to do this is with sanctions.

CON

Further economic sanctions will not work. South Africa is too self-sufficient, and the white minority government is too stubborn to give in to outside pressure. If we impose harsher sanctions, we will lose our ability to promote behind-the-scenes change. Moreover, other nations will rush in to trade with South Africa, counteracting U.S. sanctions.

Should American Companies Operate in South Africa?

PRO

Trade with South Africa is vital to the United States. We have no other source for many of the minerals South Africa exports. More important, American businesses in South Africa provide jobs and equal opportunity for blacks, even if their society does not. If American businesses pulled out now, the plight of blacks in South Africa would worsen and social tensions would rise.

CON

American investment in South Africa is nothing less than collaboration with a racist government. The taxes that U.S. corporations pay to the South African government help support white minority rule. The rest of the world sees the American presence in South Africa as support for apartheid. U.S. corporations should not conduct business in South Africa as long as racial discrimination is "business as usual."

China

Mainland China became a Marxist state in 1949. Under the leadership of Mao Zedong, the People's Republic of China (P.R.C.) adopted centralized government planning, state ownership of industry, and other characteristics of socialist nations. For nearly thirty years, China cut itself off from most of the world. Mao believed the Chinese should provide for their own needs without relying on other nations.

When Deng Xiaoping came to power in 1978, he found a backward nation. Farmers planted and harvested by hand. Factories had few machines. Wages were low and many people were poor. In a bold move, Deng instituted such capitalist concepts as the ownership of private property, free market competition, and wage bonuses to revive China's economy. He opened the door to trade with the West and offered incentives to foreign investors to build and operate factories in China.

Deng has changed the face of China. Some peasants now own cameras, refrigerators, and VCRs. The Chinese are equipping factories with modern machinery, and young people listen to rock music, drink Coca-Cola, and watch American films.

China's relationship with the United States also changed. Once bitter enemies, the two nations now have a growing trade relationship. However, problems still remain. Pressure from protectionists in both countries could threaten further trade growth. In addition, the United States objects to China's sales of military arms to other countries, especially Iran. Analysts say that the Bush administration must work hard to resolve these issues if Sino-American relations are to continue to improve.

Key Questions

- Should the United States continue to improve relations with the P.R.C.?
- Should the United States expand trade with the P.R.C.?
- Should the United States continue to sell arms to the P.R.C.?

Background

The People's Republic of China

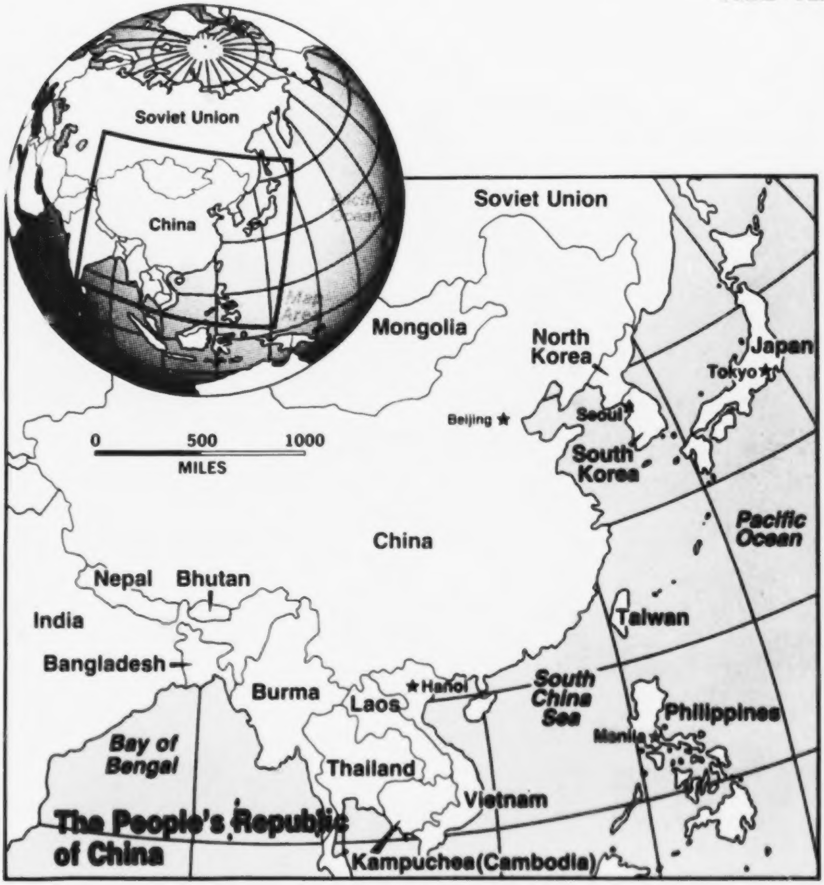
Communist Takeover (1949). During World War II, the Chinese Communist party, led by Mao Zedong, and the Kuomintang (Nationalist) party, led by General Chiang Kai-shek, put aside their bitter conflicts to fight together against the Japanese. But after Japan's defeat in 1945, the two parties resumed their civil war for control of China. With aid from the Soviet Union, the Communists built a strong base of support in China's vast rural areas, where the peasants lived in extreme poverty resulting from years of war and excessive rents paid to landowners. On October 1, 1949, the long struggle ended in a Communist victory. Mao and his assistant, Zhou Enlai, proclaimed the new People's Republic of China (P.R.C.).

UPI/Bettmann Newsphotos

Mao Zedong was one of the founders of the Chinese Communist party. In 1949, he founded the People's Republic of China and remained China's leader until his death in 1976.

Mao's philosophy—collected in what became known as *The Little Red Book*—formed the basis of the new political system. Central to his philosophy were economic goals to eliminate poverty and inequality among the masses through the redistribution of food, land, and other resources. Private ownership of property was almost eliminated. The government took over farms and factories and promised to share profits with the workers. Communist party officials were placed in charge of national, regional, and local levels of government. Chiang and many of his followers fled to the island of Taiwan where they reestablished the Republic of China and claimed sovereignty over all of China.

Great Leap Forward. The first ten years of Communist rule produced some notable economic achievements but fell far short of meeting the needs of the people. In 1958, Mao announced a massive new economic program known as the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Bhutan
India
Taiwan
Bangladesh
Burma
Hanoi
Laos
South China Sea
Philippines
Manila
Bay of Bengal
Thailand
Vietnam
Kampuchea(Cambodia)

The People's Republic of China

Great Leap Forward, intended to modernize Chinese agriculture and industry within a few years. The program was a disaster. It not only failed to reach its economic goals, but also provoked unrest among the people.

Sino-Soviet Split. Throughout the 1950s, the Soviet Union sent advisors and financial aid to the P.R.C., and the two countries formed a powerful Communist alliance. But conflicts arose over political ideology, foreign policy, and location of the Sino-Soviet border. Chinese leaders felt that the Soviet Union was not following the principles of communism and criticized the Soviets for improving relations with the West. China rejected the Soviet policy of "peaceful coexistence" with capitalist countries such as the United States, saying that armed conflict between capitalism and communism was inevitable. Relations continued to deteriorate when the Soviet Union broke a promise to help China develop nuclear weapons and refused to return disputed territory along the Sino-Soviet border that China claimed had been taken under "unfair" treaties many years before. In August 1960, the Soviets withdrew their advisors and cut off financial and technical aid. During the next ten years, the split between the two largest Communist countries became increasingly bitter.

Cultural Revolution (1966-76). By 1966, Mao and some of his close followers believed that large segments of the Chinese people and the Communist party had lost sight of the original goals and principles of the revolution. They proclaimed a Cultural Revolution to purge the Party and the population of "negative" attitudes and to fill the people with revolutionary fervor and ideas. Millions of students, professors, government bureaucrats, and industrial managers were sent to the countryside to be reeducated "through labor." The Cultural Revolution proved very disruptive. It split the Communist party and left China on the verge of civil war.

Power Struggle Within the P.R.C. When Mao and Zhou Enlai died in 1976, Deng Xiaoping, a pragmatist and close ally of Zhou, was pitted against the so-called Gang of Four in a power struggle. The Gang of Four included Mao's widow, Jiang Qing, and other radicals within the Party who believed Deng was unfaithful to the principles of the 1949 revolution. After a brief period in power, the Gang of Four was purged from the Party and, in a much publicized trial in 1980, its members were convicted of crimes against the state. Deng Xiaoping emerged as the leader of China.

Changes in Economic Policy. Although the overall structure and principles of communism have remained intact, Deng and his supporters have altered Chinese economic policy radically to make rapid economic gains. They have initiated an "open door" policy with the West—particularly the United States—to increase trade and attract foreign investors to China. Deng calls his new economic policy "socialism with Chinese characteristics." He hopes to quadruple economic productivity by the year 2000 by modernizing Chinese agriculture and industry. To direct this rapid modernization, Deng has replaced many of China's aging leaders with *technocrats*—university-educated specialists who are trained in economics and government management rather than in Communist ideology.

To increase agricultural and industrial productivity, the Chinese are experimenting with capitalist concepts such as limited ownership of private property, free-market competition, and the profit motive. Chinese workers are encouraged to make money, and some have become rich. Most people welcome the increase in income, which enables them to buy luxury goods such as refrigerators and color television sets. These economic changes have resulted in strong industrial growth, record harvests, and a doubling of incomes for rural workers.

However, Deng's policies have also created problems. China's inflation rate is 26 percent per year and is even as high as 50 percent in some cities. The reforms have produced discontent among some city dwellers who have not benefited as much as their rural counterparts. To deal with these problems, the government has attempted to slow down the economy by controlling prices,

China's Baby Boom

China's birthrate has begun to climb after more than ten years of decline. At current levels, experts estimate that China will have 1.3 billion people by the year 2000—100 million more than planned for by the government—and 1.5 billion by 2010. China's huge population is expected to cause future housing and food shortages.

reducing growth, and halting some major construction projects.

New Leadership. In November 1987, Deng Xiaoping announced that he was retiring from his post as leader of the Communist party. But before his announcement, Deng persuaded or forced nearly all of the aging revolutionaries who had helped bring Communist rule to China forty years earlier to retire as well. This massive "house cleaning" leaves control of China in the hands of a new generation of leaders that is younger and better educated than its predecessors. Observers in the West believe that the new Communist Party chief, Zhao Ziyang, will continue Deng's economic reforms. But some experts think that the new premier, Li Peng, is more cautious and believes that reform should be slowed down to allow time for people to adjust.

AP/Wide World Photos

In 1978, Deng Xiaoping took control of the Chinese government. Deng altered Chinese economic policy to make his nation more competitive in the modern world.

U.S. Policy

Opposition to Communist China. In the early years of the Cold War, the United States based its foreign policy on stopping the spread of communism. For this reason, the United States supported Chiang Kai-shek during the Chinese civil war. Although his government was corrupt and undemocratic, Chiang was anti-Communist. When Chiang lost the civil war, he fled to the island of Taiwan and established a government-in-exile called the Republic of China (R.O.C.). Chiang claimed that the R.O.C. was the rightful government of mainland China. The United States signed a treaty promising to defend the R.O.C. in case of attack and to send large amounts of military and economic aid. In addition, many American companies invested in the Taiwanese economy. Meanwhile, relations with the mainland were cold, reaching a low point during the Korean War (1950-53), when American and Chinese troops met in battle.

Nixon Project, National Archives

President Richard Nixon and Chinese leader Mao Zedong exchange greetings in 1971. President Nixon's historic trip to China was the first official contact between the United States and the People's Republic of China in more than thirty years.

Over the next twenty years, Sino-American relations remained strained. The United States refused to recognize the People's Republic of China, and mainland Chinese leaders were outspokenly anti-American. But by the late 1960s, relations between the Soviet Union and the P.R.C. reached a warlike state, and the Chinese began to look toward the United States as a possible ally. At the same time, China feared that the United States and the Soviet Union were moving toward an alliance, and acted to head off this possible alliance by inviting President Richard Nixon to China.

Nixon's China Policy. In late 1971, the world was stunned when President Nixon announced he was going to the People's Republic of China. Nixon's trip was a historic occasion, the first friendly official contact between the two nations

The White House

President Jimmy Carter and Chinese leader Deng Xiaoping sign the official agreement to normalize relations between the United States and the People's Republic of China in 1979. For the first time since the Chinese Communist revolution, the two nations exchanged ambassadors, opened trade negotiations, and sought further cooperation in many fields.

in three decades. Nixon's foreign policy was a radical departure for the United States. China, with its huge territory and enormous population, was becoming a major world power—perhaps another superpower. Nixon recognized this, and felt that the United States could take advantage of the conflicts between the P.R.C. and the Soviet Union. The visit by the U.S. president acknowledged China's new status and prestige as a world power and set the stage for the Sino-American relationship that developed in the 1970s and 1980s.

U.S. Support for Taiwan. Relations continued to improve when President Gerald Ford went to China in 1975. In 1979, President Jimmy Carter normalized relations with China and invited Deng Xiaoping to visit the United States. After thirty years of official nonrecognition, the United States exchanged ambassadors with China and sought further cooperation in many fields. However, at the P.R.C.'s insistence, the United States broke off official relations with the government on Taiwan and recognized the P.R.C. as the sole legitimate government of China.

Congress was upset about the way President Carter treated Taiwan—a former U.S. ally—and quickly passed the Taiwan Relations Act. Under this act, the United States promised to defend Taiwan from attack and pledged to continue selling defensive (but not offensive) weapons to the Taiwanese. Although disturbed by this pledge, the P.R.C. nevertheless agreed to accept it temporarily, provided the United States did not recognize two Chinas officially.

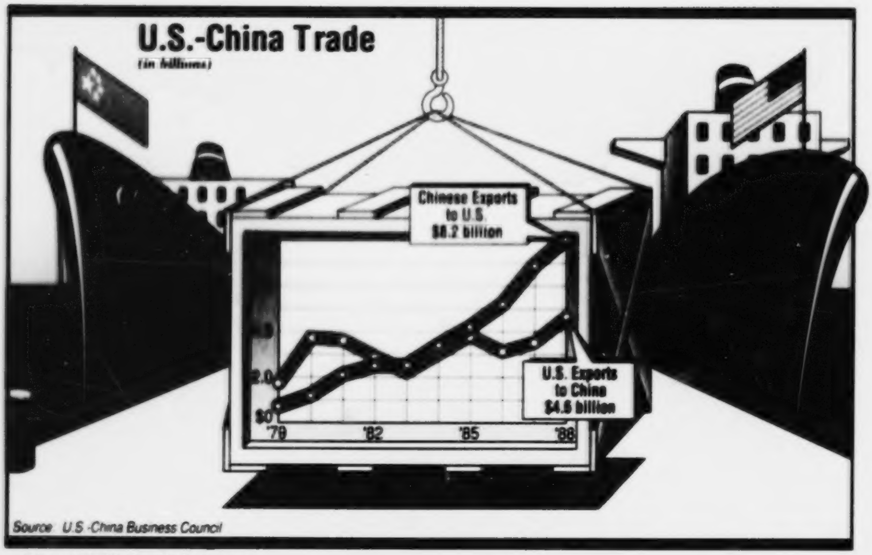
Reagan's China Policy. The administration of Ronald Reagan worked to improve trade relations with the P.R.C. while maintaining Taiwan as a military ally. In 1984, President Reagan visited China and pledged to increase trade between the two nations. The following year he signed a pact under which the United States agreed to supply China with nuclear technology. Congress approved the pact but only after the president assured some wary members that the Chinese would not use the technology for military purposes or transfer it to other nations.

China's Trade

In 1960, 70 percent of China's trade was with the Soviet bloc. Today, non-Communist countries account for more than 90 percent of China's trade.

Current Issues

Expanding the China Market. Since Marco Polo's famous expedition to China in the thirteenth century, the idea of trading with the Chinese has fascinated the Western world. The prospect of vast markets in the world's most populous country is no less intriguing in the twentieth century. The Chinese are also interested in trade. The Chinese government has declared that an "open door" trade policy with the West is the only way to overcome the poverty, backwardness, and ignorance that China has created for itself through hundreds of



Source U.S.-China Business Council

Since 1979, trade between the United States and China has increased steadily. Primary U.S. exports include grain, timber, and fertilizer. The Chinese export textiles, oil, and art.

years of isolation. In 1980, China surpassed the Soviet Union as the largest Communist market for U.S. goods. And by 1987, trade between the United States and China totaled $10.5 billion. Western Europe and Japan, China's leading trading partner, have experienced similar increases in trade with the P.R.C.

The Chinese export mostly clothing and textiles, oil products, art and antiques, and a small amount of metals such as tin and tungsten. The United States exports to China mostly food, fertilizer, and lumber. But the Chinese also buy millions of dollars' worth of aircraft parts, computers, oil-drilling equipment, and modern industrial machinery. To increase direct foreign investment in China, the government is ending its traditional isolationism. It has recently allowed foreign businesses to invest in many coastal cities, has shortened the process of approving investments, and has given overseas companies more access to China's huge domestic market. Although both countries would like to expand trade and U.S.

investment in China, problems between the two nations could prevent this from happening.

U.S. Protectionism. Clothing manufacturers in the United States complain that Chinese imports cost less than American-made products because labor costs are so low in China. In response to such claims, the United States has imposed strict limits on the importation of Chinese textiles. The Chinese claim that these protectionist measures hurt economic growth in their country. They boycotted American agricultural goods to protest the imposed textile limits. The Chinese government says that these limits cost thousands of jobs in China and has asked the United States to prohibit any further restrictions on U.S.-China trade.

U.S. Business Concerns. While American businesses see China as a great potential market, they also see some risk. An increased Western presence in China could provoke a cultural backlash against the United States and lead to nationalization or expulsion of American businesses. Another concern is that despite its population of more than one billion, the Chinese market may not be profitable enough for U.S. companies. The average Chinese wage is less than $400 a year, and American goods may be simply too expensive for Chinese workers. American companies have also complained about the cumbersome Chinese bureaucracy, the lack of good managers, and the difficulty in converting their profits from Chinese yuan to American dollars. While some American corporations must decide whether the potential benefits outweigh the investment risks, others already think they do. Companies with low-priced products, such as Coca-Cola, Camel cigarettes, and Kentucky Fried Chicken, have begun to sell their goods in China.

Spelling Chinese Names

On January 1, 1979, China officially adopted the *pinyin* system for spelling Chinese names and places in Roman letters. The U.S. government also has adopted this system. For example, under the old system, China's first Communist leader was referred to as Mao Tse-tung. Today, we know him as Mao Zedong.

China and Weapons. China is both an importer and an exporter of weapons. It buys anti-aircraft missiles, artillery equipment, and antitank weapons from the United States and sells tanks, aircraft, missiles, and small arms to developing countries. In recent years, arms sales have increased dramatically, making China the fourth largest supplier of weapons to the Third World. Today, China sells five times as much military equipment as it did in the early 1980s.

Sygma/J.P. Laffont

Under new economic policies begun by Deng Xiaoping, Chinese peasants are now able to purchase appliances and other modern conveniences. Most experts predict the increased buying power of the Chinese will further increase trade between industrialized nations and the P.R.C.

U.S. Arms Sales to the P.R.C. Since 1984, the United States has sold modern arms to China. Most U.S. and Chinese officials believe that these military sales will strengthen Sino-American ties and help to modernize the military forces of mainland China.

Supporters of this policy see military sales to China as part of a larger military strategy. They believe that if Chinese troops are better armed, the Soviets will have to concentrate a larger portion of their forces on the Sino-Soviet border, thus lessening the Soviet presence in Europe. However, some U.S. military leaders hesitate to provide advanced U.S. weapons to a Communist nation. They fear that China might reject the United States again on ideological grounds and turn those same weapons against the United States or its allies. They also fear that China might use those weapons to recapture Taiwan.

China's Arms Sales. In 1987, the Chinese sold $5 billion worth of weapons to developing nations. Some of those weapons went to both sides in the Iran-Iraq War. China also sells weapons to North Korea, Syria, and Saudi Arabia.

Some American officials object to Chinese arms sales. They say that the Chinese are putting modern weapons into the hands of anti-American nations such as Iran, and pro-Soviet countries such as North Korea and Syria. These officials also claim that the Chinese are taking our weapons technology and selling it to our enemies. They maintain that the United States should refuse to transfer any more technology to China as a protest against arms sales to Iran and other nations.

The Chinese argue that they can make arms sales agreements with any country they wish, regardless of what American leaders think. Chinese officials contend that their arms sales allow them to modernize their own military at a lower cost. They say that the sales allow China to extend its influence in other regions and to support its own foreign policy goals.

The Issue of Taiwan. The Chinese state that good relations between the United States and China cannot be secure until the "two Chinas" issue is resolved. The Chinese government wants the United States to push capitalist Taiwan to join the P.R.C. Under China's "one country, two systems" approach, the Chinese have promised Taiwan that it would remain a special administrative region with its own military force. Taiwan rejects these offers, calling them a propaganda ploy. However, Chinese leaders feel that if the U.S. government would apply more pressure on the Nationalists in Taiwan, the "two Chinas" question would be answered once and for all.

The United States feels that it has an obligation to support the Nationalists, and therefore continues to supply arms to Taiwan. U.S. policymakers state that the United States cannot motivate Taiwan to do anything it does not want to do and that the two nations must resolve their differences without the assistance or interference of the United States.

Outlook

Sino-American relations improved dramatically when President Carter formally recognized China in 1979, but problems still remain. China objects to the weapons the United States supplies to Taiwan, while the United States objects to the weapons China supplies to the Third World, especially to Iran. President Bush has first-hand knowledge of China: he was head of the U.S. liaison office to the P.R.C. in 1974. Some experts predict that the new president's experience with the Chinese might lead to closer ties between the two nations, but only if the Bush administration and the Chinese leadership can resolve the many problems that remain between them.

The Debate China

Should the United States Continue to Improve Relations with the P.R.C.?

PRO

China is becoming the world's third superpower, and improved relations with the P.R.C. will benefit the United States. By becoming involved with China's modernization program, the United States can promote American interests in Chinese foreign and domestic policies. China is strategically located in Southeast Asia and could protect U.S. interests there. China's population of more than 1 billion people represents a huge potential market for U.S. businesses.

CON

The United States has little to gain by improving relations with the P.R.C. The aim of all Communist nations is to control the world by promoting Communist revolution. The Chinese are merely opportunists who will promote good relations with the United States only as long as they need American technology and investment. When the United States is no longer useful to the Chinese, their government might threaten to take over U.S. businesses in the P.R.C.

Should the United States Expand Trade with the P.R.C.?

PRO

The United States needs a strong ally in Asia. Good trade relations will help bring the United States and China closer together. In addition, trade with the P.R.C. can give a needed boost to the U.S. economy. Japan and many European countries have already increased their trade with the Chinese; the United States should do the same.

CON

The United States should be cautious about investing American dollars in the P.R.C. Because the average Chinese person makes less than $400 a year, few can afford American products. The worst possible outcome of increasing trade with China would occur if the Chinese bought sophisticated computers, applied that technology to their weapons, and then threatened the United States or its allies.

Should the United States Continue to Sell Arms to the P.R.C.?

PRO

American arms sales help modernize China's military. China's huge army and its nuclear forces pose a significant threat to the southern and eastern borders of the Soviet Union, the principal foe of the United States. Supplying China with modern weapons demonstrates America's good will and could lead to stronger diplomatic and economic relations.

CON

China wants U.S. weapons technology so that it can produce its own modern weapons. The Chinese might use those weapons someday against the United States or against U.S. allies. Furthermore, the Chinese produce copies of American weapons and then sell them to anti-American nations such as Iran and pro-Soviet nations such as North Korea.

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